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NEWS SUMMARY

GENERAL

Tehran demands reply on hostages

Iran yesterday asked the U.S. to give an immediate reply to its terms for the release of the 52 American hostages. But in Washington, it was expected that protracted talks would now take place.

The moves came as Americans went to the polls and 20,000 Iranians celebrated the first anniversary of the U.S. embassy take over.

In the election, the early turnout was reported heavy and could upset predictions that only half of the 160m eligible to vote would do so. Final opinion polls gave Republican Ronald Reagan a narrow lead over President Carter. Back Page

Codes undesirable

All-party Commons select committee on employment said Employment Secretary, James Prior's industrial relations codes were "constitutionally undesirable." Back Page

Cabinet talks

Cabinet Ministers will meet again tomorrow after failing in three hours of talks to agree on a new round of spending cuts. Back Page

Poles accused

East Germany and Czechoslovakia renewed their attacks on Poland's new trade unions, accusing them of threatening the Warsaw Government. Page 2

Tekere on trial

Zimbabwe minister Edgar Tekere went on trial for the murder of a white farmer after the Appeal Court ruled an Anti Terrorism Act did not nullify the charge.

Basque shootings

Four Spanish civil guards and a civilian died in a gun attack on a San Sebastian bar. Political violence in the Basque country has claimed 100 lives this year. Page 3

Thieves take £5m

Thieves broke open 250 safe deposit boxes in a Paris savings bank and escaped with an estimated £5m worth of cash and jewellery over the long holiday weekend.

Boxer dies

British bantamweight boxing champion Johnny Owen, 24, died in Los Angeles, after being in a coma since a world championship fight six weeks ago.

Pakistani fails

Pakistani, who claimed he was unlawfully refused re-entry into the UK after visiting his sick mother, lost his High Court bid to stay in Britain where he has lived for 10 years.

Damages award

Widow and two children of a man who died from a perforated ulcer hours after being discharged from Southend hospital were awarded £30,000 damages in the High Court.

Geneva bomb

Swiss police believe Armenian nationalists planted the bomb which exploded inside Geneva's Palace of Justice, slightly injuring one woman.

New Dr. Who

Peter Davison, who stars as Tristan in BBC's All Creatures Great and Small is to be the new Doctor Who when Tom Baker leaves the programme.

Jaws for sale

Pellegrine Family of Rotherham put their pet piranha up for sale after it popped out of its tank and took a bite out of the hand of their 17-month-old daughter.

BUSINESS

£ rises 1.05c; new lows for tin

● **STERLING** was up 1.05 cents at $2.4540. *It reached a 4½-year peak against the Deutsche Mark* at DM 4.7025 (DM 4.6825) and rose sharply against the French franc at FFr 10.81 (FFr 10.7625). Its trade-weighted index rose to its highest level since 1974 at 79.9 (79.7). Page 31

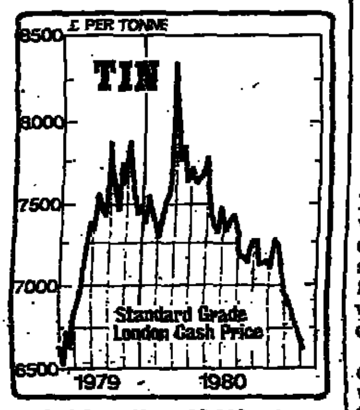
● **DOLLAR** traded within a very narrow range with U.S. centres closed for Election Day. It finished unchanged at DM 1.9150, but its trade-weighted index fell to 85.5 (85.7). Page 31

● **GOLD** rose $4 to $646.5 in London. Page 31

● **EQUITIES** drifted lower on general pessimism about the UK industrial scene. The FT 30-share index *shed 2.1 to 480.0.* Page 38

● **GILTS** also eased, with the Government Securities index *falling 0.06 to 70.39.* Page 38

● **TIN** prices sank to new 14-month lows in London. Cash



tin fell by £40 to £6,620 a tonne, recording its fifth consecutive decline. Page 37

● **LLOYD'S** *"sleeping" members may form an association to* represent their interests. Back Page; Lloyd's bill approved, Page 8

● **NEW INDUSTRY BILL** was introduced to the Commons, forced by the financial problems of BL and Rolls-Royce. Back Page

● **JAPAN** is being pressed by the British Government to give UK telecommunications manufacturers a share of big orders it has won, particularly in developing countries. Page 9

● **DEPARTMENT OF ENERGY** will this week ask Shell, Esso and BP why heavy fuel oil prices are higher in the UK than on the Continent. Page 8

● **MASSEY-FERGUSON,** the troubled farm machinery company, lost some U.S.$112m (£45.9m) *in the fiscal quarter* just ended, according to a report issued to lenders. Page 28

● **MARTONAIR** International, pneumatic control equipment manufacturer, finished the year to end July with pre-tax profits up at £6.1m (£5.72m). Page 24

● **ROPNER HOLDINGS,** shipowner, insurance broker and engineer, reported pre-tax profits for the six months to end September at £3.22m (£2.03m). Page 24

● **SCOTCROS,** packing, wine, animal feedstuffs and vehicle construction group, reported pre-tax profits for the half year to end September at £1.01m (£0.95m). Page 25

● **SKETCHLEY,** dry cleaning, textile finishing and industrial workwear rental group, reports taxable profits for the half-year to end September down from £3.32m to £2.24m. Page 24

● **R. P. MARTIN,** the London *money broker, may receive a* full offer for the company from Bierbaum, the major German money broker that bought a 29.9 per cent stake in it yesterday. Page 26

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			Eva Inds.	46	− 8
Allied Lon. Props.	132	+ 12	Farnell Elec.	370	− 16
Barlow Rand	503	+ 16	Grant Bros.	100	− 13
Catalin	50	+ 4	GUS A	470	− 5
Martin (R. P.)	95	+ 19	Hong Kong Land	194	− 8
Martonair	214	+ 4	Initial Services	197	− 6
Ropner A	148	+ 11	Jardine Matheson	235	− 11
Rush and Tompkins	224	+ 4	Kean and Scott	153	− 7
Tongaat	145	+ 15	LWT A	105	− 6
Toray	50½	+ 5	NatWest Bank	402	− 8
Central Pacific Mns.	525	+ 20	Pawson (W. L.)	20	− 7
Haoma Gold	196	+ 6	Racal Electronics	335	− 11
North West Mining	192	+ 12	Sketchley	230	− 4
Randfontein Estates	£44	+ 1¼	Staveley Inds.	204	− 6
Sthrn. Pacific Petl.	202	+ 10	Sterling Credit	6	− 2
FALLS			Tarmac	250	− 5
Treas. 15pc 1985	£105¾	− ¾	Utd. Scientific	300	− 8
Amalg. Dist. Prds.	57	− 3	Double Eagle	575	− 45
Bass	212	− 4	KCA	177	− 9
Boots	238	− 4	Jones Mining	64	− 8

Healey with 29 lead faces knife-edge contest

BY RICHARD EVANS, LOBBY EDITOR

MR. DENIS HEALEY, the former Chancellor of the Exchequer, faces a knife-edge contest for the leadership of the Parliamentary Labour Party in the next week, after edging ahead of Mr. Michael Foot in the first ballot, the result of which was declared last night.

The outcome, in which Mr. Healey gained 112 votes to Mr. Foot's 83, was closer than Mr. Healey's supporters had hoped. It leaves Mr. Foot with a very real chance of victory when the result of the second ballot is declared next Monday.

Both the other contestants, Mr. John Silkin, with 38 votes, and Mr. Peter Shore, with 32, were eliminated after the first ballot. Everything now depends on how their votes divide.

The supposition is that most, though by no means all, Mr. Silkin's votes will go to Mr. Foot, with Mr. Shore's votes dividing roughly 3-2 in Mr. Foot's favour. If this happens, and there were already signs *last night of tactical voting and* deliberate abstentions to confuse the arithmetic, there will not be more than half a dozen votes in it.

What is certain is that not only have Mr. Healey's *original hopes of a crushing victory in the first ballot* been dashed, but he seems likely at best to achieve a very narrow win next week.

This would considerably lessen his authority as undisputed champion of the Parliamentary Labour Party, and make inevitable continued turmoil *within the Labour Party* in the coming year.

Either as winner or close runner-up, Mr. Foot, as the representative of the Left, *will be in a very powerful position. The prospects are not good for* Mrs. Shirley Williams, Dr. David Owen and Mr. William Rodgers, the so-called "Gang of Three," and their supporters.

As Leader, Mr. Foot would *without doubt gain the endorsement* of the electoral college or some other form of the enlarged franchise that the party is pledged to introduce next year.

As close runner-up Mr. Foot would come under *immense pressure* to stand against Mr. Healey, and probably win, under the new electoral system.

From the point of view of party unity *this is the most damaging scenario of all,* and would point the way to a fundamental split between the Parliamentary party and the rest of the party.

Mr. Healey's position as champion of the former would be considerably weakened because of the narrowness of his victory over Mr. Foot.

Mr. Shore, whose vote held up well despite the late intervention of his political mentor Mr. Foot, pledged his support last night to the deputy leader. Mr. Silkin, who also polled a *respectable total,* will vote for Mr. Foot too.

Mr. Shore, who before the advent of Mr. Foot stood as the leading unifying Centrist candidate, *said he was pleased with the result.* Having discussed the next stage with his supporters, who were drawn from all sections of the party, he realised that they would make up their own minds about the merits of the two remaining candidates.

"My own view is this. The particular mix of qualities that are now needed to lead the party and the country—a Leader who is Left of Centre, who is prepared to give overriding priority *to economic expansion* and to reducing unemployment, and who has the capacity to inspire a depressed nation — point clearly to Michael Foot.

"He will therefore get all the support I can give him."

Initial estimates of the way the Silkin-Shore votes will go cannot be taken at their face value because of tactical considerations.

A number of supporters of Mr. Anthony Wedgwood Benn, who did not stand for the leadership of the party because of his support for the conference decision to enlarge the franchise, might abstain on the second ballot on the grounds that they do not want Mr. Foot to win.

Their only chance of seeing Mr. Benn Leader in the foreseeable future would come from a narrow Healey victory followed by turmoil in the party, and the refusal of Mr. Foot to stand under the enlarged franchise. *Mr. Benn would then* become the leading Left-wing candidate in opposition to Mr. Healey.

Support grows for one member one vote and Healey picture Page 12

THE VOTING

Denis Healey	112
Michael Foot	83
John Silkin	38
Peter Shore	32

The second ballot opened last night and closes next Monday at 4 pm. The result will be announced to the Parliamentary Labour Party at 6 pm.

Monetary growth remains above official target

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of monetary growth remains well above the upper end of the official target range, though there are tentative *signs of a moderation in* industry's demand for bank credit.

The ambiguous message of the latest monetary figures *means that a change in Minimum Lending Rate* remains unlikely until the Government completes its review of public spending plans and of the rollover of the monetary target.

An economic statement is expected around the end of the month, though if the timetable slips and financial conditions change a change in MLR before then cannot be ruled out.

The banking figures, published yesterday by the Bank of England, indicate that sterling M3, the broadly defined money supply, *grew by roughly* 2 per cent in the month to mid-October.

Sterling M3, which consists of cash and bank current and *deposit accounts, has risen by* 24 per cent at an annual rate since the start of the current target period in February. This compares with an official range of 7 to 11 per cent.

Even if the distortions arising before February from the corset controls on the banks are excluded, the underlying rate of growth is still estimated at around 19 per cent.

The rise in sterling M3 last month principally appears to have reflected a further big rise in lending to the UK private sector and inflows from overseas, probably associated with the current account surplus. The public sector is not believed to have been a major expansionary *influence after account is* taken of the large sales of gilt-edged stock.

Officials believe the much-rumoured round-tripping — by *which blue-chip companies borrow* from their clearers to lend to the money market—was probably small though customers may have switched genuine borrowing *to overdraft finance* from the clearers on interest rate grounds.

Bank lending in October was also probably inflated by the sharp three-monthly increase associated with quarterly payments of *Value Added Tax* and with debiting of interest payments.

After allowing for these factors it is believed officially *that the underlying growth of* bank lending may have been about £750m a month recently compared with £900m a month earlier this year.

The banking figures show the eligible liabilities of the banking system, a large part of their deposits, rose by 2.9 per cent last month. The difference between this and the expected rise in sterling M3 can be *explained by seasonal influences,* by a change in bank lending to the discount market and by a rise in overseas residents' sterling deposits.

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BL stands firm on pay offer

BY PHILIP BASSETT, LABOUR STAFF

BL CARS' senior management will meet national union officials and senior shop stewards today over the call by *the company's 73,000 manual* workers for an all-out strike over pay from Tuesday.

The outcome of the urgently-convened meeting in Coventry *will determine whether further* talks set for tomorrow between the unions and Sir Michael Edwardes, BL chairman, will go ahead.

If today's talks find a solution to the dispute over the company's 6.8 per cent offer, tomorrow's talks will be cancelled.

Management representatives were last night planning their *strategy, but the company is* adamant that it will not improve its offer.

The company will be looking for some initiative from the *union side of the joint negotiating* committee, which will comprise Mr. Grenville Hawley of the transport workers, Mr. Ken Cure of the engineering *workers, and other national* union officials, together with senior shop stewards and plant conveners. BL will be represented by its senior personnel officers.

The meeting was set up yesterday by mutual request at the same time as the more public arrangements for the meeting with Sir Michael were being made. *Details were kept* secret as attention focused on the meeting with the chairman.

Sir Michael agreed to attend tomorrow's talks if necessary, *after a request from the executive* of the Amalgamated Union of Engineering Workers.

The union suggested Ministers should attend, but in the Commons the Prime Minister *said it was for the management* of the company to settle the dispute. Mrs. Thatcher made it clear the Government would stand back as far as it could. *She said, though, it would be* a "tragedy" if the strike went ahead.

Sir Keith Joseph, Industry Secretary, told a private meeting of *Conservative* backbenchers last night that the BL decision would be examined on its merits. Members of the Conservative back bench *industry committee repeatedly* urged the Government to take tougher action to control public spending, and so bring interest rates down.

The AUEW executive *refrained* from taking any decision on whether to give official support to the strike call until after the meeting with Sir Michael, though Mr. Terry *Duffy, the union's president,* said his members did not want a dispute and he did not believe the company wanted one either.

There was hope in some *quarters that Mr. Duffy's landslide* re-election to the presidency yesterday—suggesting widespread moderation in the membership—might give him *the authority to propose an* initiative aimed at averting the strike.

The company intends, if necessary, to send a document to all employees in the next few days detailing its serious *financial position. This has been* seen as a possible preliminary to a company ballot on the offer.

Kenneth Gooding writes: BL Cars yesterday called a halt to *its controversial Superdeal* promotional campaign which started in August and involved cutting £100 to £500 from the price of most models.

At the same time it increased the list price of some cars from pre-Superdeal levels by an average of 3 per cent.

BL insisted the move was not related to the current pay negotiations but that it was reacting to market trends.

Cars not affected by the list price increase include the new Metro and the Jaguar-Daimler *range. The 1980 specification* Rover 2.3 and Rover 2.6 models continue at Superdeal prices as do any old-model Marinas and Allegro 1s.

Examples of changes in list prices from today include the *Mini 1000 Super which was* £3,031, had a Superdeal price of £2,930, and now becomes the Mini 1000 HL at £3,122.

The Princess 2 litre HL was *£5,350 (Superdeal £5,149) and is* now £5,541. The Allegro 1.5L four-door was £4,122 (Superdeal £3,922) and is now £4,246.

Models not in the Superdeal campaign include the *Ital 1.3L,* four-door, introduced in July, which goes up from £3,736 to £3,897 and the Rover 3.5SE, introduced on September 23, up from £10,374 to *£10,789.*

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Strike would be tragedy. Page 12
Industry Bill plan. Back Page

Bundesbank eases curbs on capital imports

BY KEVIN DONE IN FRANKFURT

THE BUNDESBANK, the West German Central Bank, moved yesterday to encouarge inflows *of foreign funds by easing its* restrictions on capital imports. Foreigners may now buy domestic fixed-interest securities of only one year's maturity.

Faced by a deficit on the current account of the balance of payments of around DM 27bn (£5.6bn) this year, the largest expected by any industrialised *country, the Bundesbank has* decided that capital inflows must be further encouraged to bolster its attempts to finance the deficit through the markets.

This latest action halves the maturity timescale of the previous restriction, which limited foreigners to holding securities of two years' maturity or more.

As late as March the Bundesbank was still trying to tighten restrictions on capital inflows. But the fundamental change in West Germany's financial circumstances over the last 12 months has forced the Central Bank to make conditions more attractive to foreign investors. *In March it made a first move* in this direction by changing the then limit on foreigners' holdings from securities of four years' maturity to only two *years' maturity.*

The Bundesbank is concerned to finance the current account deficit without further drawing down its reserves of *gold and foreign currency. Despite some success* in this area, West Germany's reserves have been falling in recent weeks as

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Pound pushed up, Back Page

House of Fraser leaseback deal

BY MICHAEL CASSELL

HOUSE OF FRASER is raising £40m in two sale and *leaseback property deals* with Legal and General Assurance.

The department stores group, which in September announced a £5.6m drop in pre-tax profits, is selling its D. H. Evans store in London's Oxford Street for *£29m and will lease back the* 271,000 sq. ft. net building for 125 years, at an annual rent of £1.9m with five-year reviews. The purchase will show Legal and *General's long-term fund a* yield of about 6¼ per cent.

The insurance group is also paying £11m to buy out House of Fraser's interests—principally leasehold with 80 years to run—in the Rackmans store in *Birmingham and in adjacent* sub-let shops and offices. The store will be leased back to House of Fraser for 80 years at the current market rent, also with five-year reviews.

The decision to sell the properties, which have a current book value of about £10.8m, was immediately attacked by Lonrho, which has a *29.9 per cent shareholding* in House of Fraser.

Mr. Paul Spicer, a Lonrho director, said the deals could provide some short-term advantage to the stores group, but on a long-term basis "they could not have been worse."

"We are unhappy about the sale of a prime freehold in Oxford Street and the long-term implications of leasing it back *for £1.9m a year on a full* repairing lease with five-year reviews."

House of Fraser said the £40m raised—which exceeded the open market valuations of the properties involved because *of the improved value arising* out of the merger of the joint interests in Birmingham—would be used to complete investment in computerised equipment and to bring forward development plans.

New stores will be built in Perth and Kirkcaldy and existing stores in six other locations will be extended.

Sir Hugh Fraser, chairman of House of Fraser, said last *night the sales had been* arranged with a view to "maximising the return on the group's assets" and the terms had "confirmed the substantial, *real value of the group's properties* and thereby the underlying strength of House of Fraser."

Sir Hugh pointed out that the net book value of the properties being sold was less than 7 per cent of the book value of group properties. The *transactions would enable it to maintain* the momentum of its investment programme "without significantly increasing the levels of gearing beyond those appropriate to current economic conditions."

The ownership of high-class department stores would remain *an important part of the group's* long-term strategy, he said.

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EUROPEAN NEWS

ANOTHER BROADSIDE FROM POLAND'S NEIGHBOURS

Attacks on Walesa reach new pitch

BY LESLIE COLITT IN BERLIN

EAST GERMANY and Czechoslovakia have renewed their renewed their attacks on the independent Polish trade unions. They accuse Mr. Lech Walesa, the head of the Solidarity union, of having close ties with Mr. Jacek Kuron, the leader of KOR, the dissident group which, it says, is an "anti-State organisation famous for its calls for arson and funeral pyres."

The two hard-line allies of the Soviet Union have been the most severe critics of political developments in Poland as both feel acutely threatened by the new trade unions.

A long article in Rude Pravo, Czechoslovakia's main Communist newspaper, contains the first direct mention in the Communist media of Mr. Walesa and *his union. This is a departure* from the practice of referring only to an "anti-Socialist so-called trade union" in Poland. Personal attacks are regarded as serious in Eastern Europe where they often come before *someone is labelled a "class* enemy."

The Czechoslovak broadside has been reprinted verbatim in *all* East German *Communist* newspapers alongside another attack by the Slovak Communist *newspaper*, *Pravda. It said* attempts are being made by "counter-revolutionary forces" to carry out a long-range programme to "reverse Poland's Socialist development" by creating a union movement "in opposition" to the Communist party.

Mr. Harry Tisch, head of East *Germany's government* trade union, said at a meeting on "effective ideological work" that the United States and West Germany had "suddenly discovered their fondness for Socialism in Poland." They were giving advice and "impudently interfering in the internal affairs of our Socialist fraternal *country to the East.*"

He said that now especially in the "complicated situation in which Poland finds itself," East Germans must show themselves to be "proletarian internationalists and true friends to*ward our Polish neighbours.*" Proletarian internationalism is a phrase used by Moscow and its allies to show the Warsaw *Pact's deep concern over a de*velopment in one of the member countries which is regarded as a threat to the others.

Mr. Walesa: Accused by name

The article in Rude Pravo by its Warsaw correspondent marks the first time that one of the hard-line Communist newspapers has printed portions of an interview with Mr. Walesa in Gdansk.

The correspondent said Mr. Walesa did not extend his hand to him when he entered his office in *the Hotel Morski* and was buried in his correspondence. The Polish union leader was quoted *as saying* that he had no personal experience of the aid given to Poland by the other Warsaw Pact countries and that he had "no time" to read about the views on Poland held by the representatives of the Socialist countries.

After asking Mr. Walesa about his personal relationship with *Mr. Kuron, the Czechoslovak* correspondent wrote that, on the previous day, Mr. Kuron had attended negotiations by delegates of the Solidarity union which, he said, disproved the union's claim that it is "non-*political" and rejects "anti-*Socialist forces."

Moczar returns to centre of political stage

BY CHRISTOPHER BOBINSKI IN WARSAW

Gen. Moczar: remarkable come-back

THE POLISH Communist Party's attempt to adopt a credible, reformist line has taken on an ironic twist with the re-emergence into public life of General Mieczyslaw Moczar. A former Minister of the Interior, he was the man most closely associated with the nationalist and anti-semitic outburst in 1968 and the subsequent suppression of student *protest.*

But his election as chairman of the Polish War Veterans Association this week and the fact that his acceptance speech was broadcast on television and re-printed in the national Press *has signalled to the party and* country at large that General Moczar has returned to the centre of the political stage.

The come-back is remarkable. From 1964 to 1968, General Moczar was Interior Minister *and head of the Veterans' Asso*ciation which he used as a power base for his political advance. His handling of student demonstrations in 1968 propelled him into the politburo where he remained until mid-1971 when Mr. Edward Gierek, *the incoming party leader re*moved him. He maintained a foothold in government circles as the chairman of NIK, a body empowered to check on the implementation of government decisions.

Gen. Moczar's speech on Monday suggests he is aiming to gain the middle ground in his bid for influence. Since the summer's strikes he has supported democratic reform inside the party which would limit the power of the leader. His supporters made clear that he favours a more general democratisation.

He was also spoken of by Mr. Jozef Klasa, head of the central committee's media department, at a recent news conference. Mr. Klasa is presiding over a loosening of what *the Press, radio and television* are permitted to report and which has amounted to a minor renaissance of the media.

However, many doubt Gen. Moczar's instinct for democracy, although no one denies his fundamental honesty at a time *when many* of those prominent in the 1970s are accused, or suspected, of corruption. This puts him in a strong position in the present party in-fighting.

In his speech on Monday, Gen. Moczar spoke favourably of Solidarity, the new independent union, but he criticised increasing working-class demands and attached

Dissidents like Mr. Jacek Kuron or Mr. Adam Michnik, who played a prominent role in the events of 1968 and went to prison for it are Gen. Moczar's old adversaries and mutual *hostility is unlikely to have lost* its vigour.

In a gesture seeking to set aside at least some of the memories of 1968, Gen. Moczar referred in his speech to the 3m Polish Jews who died during *the Second World War.* "They had lived among us for many centuries and have helped to shape our history and played a great role in our science and culture," he said.

Portuguese journalists start 4-day strike today

By Diana Smith in Lisbon

Most of Portugal's 1,300 journalists begin a four day strike today that will keep almost all daily and weekly papers off the streets until Sunday November 9th.

The journalists' union is pressing for a 27 per cent pay rise for its members and for improvement of their professional status. Many Portuguese journalists were swept *into the public sector in 1975* when the banks, which owned the lion's share of the nation's newspapers, were nationalised.

Since then, the editorial content and staff of much of the written Press, as well as the state-owned radio and TV networks, has shifted with *each successive change in* political weight, from communist in 1974-76 to socialist in 1976-78 to conservative now.

Management, citing the crisis in an industry in which *sales are dropping* and cash flow is tight, will only offer a 20 per cent pay increase.

Moreover, the state-owned media claim that 20 per cent is the maximum increase permitted by the government's *anti-inflationary policies*, which have succeeded in lowering the inflation rate to 19 per cent this year against a forecast 23 per cent.

However, journalists have had only two pay increases *since 1974 while* other professions have had annual rises. Their 1979 increase of 30 per cent did not, they consider, restore lost buying power and they are the lowest-paid journalists in Europe, *with a reporter earning Es.* 15,000 (£125) and a sub-editor Es. 17,200 (£143) a month.

The union estimates this is just a quarter of rates commonly secured by journalists in the EEC.

Two right-wing Lisbon newspapers, as well as radio *and TV, will not join the* strike.

Rome airport strike

Air traffic at Rome's Leonardo Da Vinci airport was yester*day disrupted for the second* day in a row by a 24-hour walkout of Italian airline technical staff demanding higher wages, AP reports from Rome.

BY-ELECTION IN DONEGAL

First electoral test for Haughey's leadership

BY STEWART DALBY IN DUBLIN

MR. CHARLES HAUGHEY, Ireland's Prime Minister, has seen little of either of his homes recently. For the past six weekends he has eschewed home comforts to travel round the truly decrepit roads and small country towns of the remote, rural county of Donegal. Tomorrow, Mr. Haughey's party, the ruling Fianna Fail, faces a by-election in the county because of the death of Mr. Joe Brennan, Speaker of the Dail *(Parliament)*. The Fianna Fail has an unassailable overall majority of 16 parliamentary seats, but Donegal is Mr. Haughey's first electoral test since he became Prime Minister 11 months ago.

The county sends five deputies to the Dail. Two are Fine Gael members, the main Opposi*tion party. Another two were* Fianna Fail members, until the death of Mr. Brennan. The fifth seat is held by Mr. Neil Blaney.

Arms trial

For parties are contesting the seat: Fianna Fail, Fine Gael, the Independent Fianna Fail, headed by Mr. Blaney, a former political associate of Mr. Haughey, and Sinn Fein, the workers' party, *the political arm* of the Official IRA. But the contest is really a clash between Mr. Haughey and Mr. Blaney, and can be seen as a test of their respective commitments to Republicanism and the reunification of Ireland.

Mr. Blaney was involved, like Mr. Haughey, in the arms trial *in 1970, where both were* charged with conspiring to import arms into the Republic. Mr. Jack Lynch the then Prime Minister, dismissed both from his cabinet. Unlike Mr. Haughey, Mr. Blaney never *rejoined Fianna Fail. He is* considered, and considers himself to be, more Republican than Mr. Haughey.

Mr. Paddy Kelly is the Independent Fianna Fail candidate. Mr. Denis McGinley is running for Fine Gael, and Mr. Seamus Rodgers is the Sinn Fein candidate. Mr. Haughey's man is *Mr. Clement Coughlan.*

Mr. Haughey, since becoming Prime Minister, has been noticeably low-key on Northern Ireland. He has kept the tight security arrangements with the British organised by Mr. Lynch, and he has tried to start a new era of political co-operation with Britain by summit meetings with Mrs. Thatcher, the British Prime Minister.

Mr. Haughey hopes to persuade Mrs. Thatcher to change her mind about the guarantee to Ulster's Unionists majority that they can remain part of the UK. This would pave the way for political detente.

Donegal was one of the nine original counties of Ulster. It might have been part of what is now Northern Ireland had Sir James Craig, the Unionist leader of the time (in the 1920s), not felt there were too many Catholics in Donegal and *kept the British* province to a six-county State with a comfortable Unionist majority.

> Mr. Haughey badly needs a by-election victory to prove he is in control of his party and the economy.

Nevertheless, feelings about a re-united Ireland run high in the county. It is considered heavily Republican.

Mr. Haughey has troubles within his own party. He gained the leadership in acrimonious *circumstances, defeating Mr.* George Colley, his old rival, by the narrow vote of 44 to 38. Mr. Colley, then as now, was Deputy Prime Minister. In 1966 Mr. Colley and Mr. Haughey were also rivals for the leader*ship, but a compromise* was found in the form of Mr. Lynch.

Mr. Haughey has in the meantime seen his fortunes plummet and revive. He was acquitted of the arms trial charges, but took a long time to return to *the pinnacle of power.*

His victory over Mr. Colley was bitter, in that most of the Cabinet was thought to favour Mr. Colley and, since Mr. Haughey became leader, support for him has seemed less *than wholehearted* among the mandarins of Dublin. Mr. Haughey was perceived to owe his victory to the back benchers because of his tough Republican reputation.

He also has economic problems. Mr. Lynch, in 1977 and 1978, boosted the economy by cutting taxes, abolishing rates, and increasing public spending. This led to an unsustainable balance-of-payments deficit and a huge borrowing requirement. It was Mr. Haughey's lot both to deflate the economy and to puncture the high expectations Mr. Lynch created. There is no growth in the economy this year, and inflation is still running at 18.8 per cent.

More pertinently for the by-election, farmers' incomes have *fallen* by as much as 20 per cent in the past year, because of a combination of modest price rises in Brussels and soaring costs. Farming and fishing are the main occupations in Donegal. Mr. Haughey, as well *as at one time or another all* the rest of the Cabinet, have promised all kinds of aid and assistance to the farmers and fishermen of Donegal. An airport has been promised; roads will, apparently, be improved, and last week I£418,000 (£364,000) was promised to provide proper berthing facilities on Aranmore Island. A brand-new ferry has been laid up on the mainland for 18 months because it cannot dock at the island.

Rich irony

Ireland has a system of proportional representation with multiple transfers. In this election, the voters will therefore get four preferences. Even if the Fianna Fail candidate tops the poll on the first ballot, he is by no means sure to win the seat. A great deal would depend on how the supporters of all the other three parties cast their preferences.

Mr. Haughey badly needs to win, to demonstrate that he controls the party, manages the economy and can keep his *Northern Ireland policy* intact. It would be a rich irony, indeed, if Mr. Haughey is denied the victory because his old political friend, Mr. Blaney, believes he has gone soft on Northern Ireland.

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Bonn coalition agrees common programme

BY ROGER BOYES IN BONN

WEST GERMANY'S ruling coalition of Social Democrats (SPD) and liberal Free Democrats (FDP) has managed to agree on a common legislative strategy for the newly convened Parliament despite lingering discord over the workers' role in steel company decision-making.

Over the past week, negotiations between the leadership of the two parties has become increasingly intense as both have tried to reach agreement before the inauguration of Parliament, which met yesterday for the first time since the October general election.

The major sticking point has been the issue of workers co-determination (Mitbestimmung) in coal and steel companies. Large sections of the SPD have opposed a merger of the Mannesmann engineering concern's pipe and steels divisions on the grounds that this would allow the company to escape strict labour-capital parity rules. The FDP, however, argued even before the elections that the company was free to restructure itself as it wished.

The parties still cannot agree on the issue and although the party leaders came close to an interim solution, the rank-and-file has kept the issue open. It is hoped that an agreement in principle ca nbe reached by the time Chancellor Helmut Schmidt outlines the Government's programme on November 24 and senior politicians are confident that a solution will be found during the next year.

The SPD's deliberations on a compromise clearly still centre on new, or at least amended, legislation. This would impose strict parity in supervisory boards on those companies with more than 30 per cent of their turnover in coal and steel. The present threshold is 50 per cent. Companies such as Mannesmann —whose steel share was less than 30 per cent would be bound by more flexible legislation, giving shareholders the balance of advantage over workers in the supervisory board.

This move, although broadly acceptable to the opposition Christian Democrats, is regarded sceptically by the Free Democrats. The coalition thus will have to bridge this gulf and above all, avoid a situation in which the SPD votes with the opposition against its smaller coalition partner.

However, the two parties appear to have ironed out or sidestepped many of their other differences. The overall budget is unlikely to grow by more than 4.1 per cent, though Herr Hans Matthoeffer, the Finance Minister, still has to find some DM 500m (£106m) largely by passing ministerial budgets further, before the budget is formally concluded in December. Both parties have agreed on a way of financing the raising of pensions, on an increase (from April 1 of petrol and diesel tax, on dropping oil subsidies for public transport and on maintaining building subsidies.

New basis sought for EEC-Japan trade

By Giles Merritt

THE EUROPEAN Commission is due this morning to put the finishing touches to the trade strategy that it wishes to negotiate with the Japanese Government. But there are persistent doubts whether or not a number of EEC member governments are prepared to grant the 13-member Commission the necessary negotiating mandate.

The Commission's review of a six-point plan for dealing with Japan's mounting trade surplus with the Community—expected to be close to $10bn for 1980—is understood to coincide with further bilateral talks on the subject between West Germany and France this week.

The Brussels Commission is concerned that such independent trade discussions might trigger demands for protectionist measures against Japanese exports and could damage the chances of establishing a Community-wide trade relationship with Japan. One of the Commission's chief reasons for urging its new trade strategy has been that Tokyo's preference for dealing with EEC governments piecemeal has weakened the Community's position.

The six-point negotiating framework, subject to modification, will be sent to the EEC Council of Ministers on November 25.

In the Commission's proposals, the moderation of Japanese exports of such sensitive products as motor vehicles and electronic goods under a new self-restraint pact is coupled with a demand that such restraint must be uniform throughout the EEC and not selectively greater in some EEC States.

Points Three and Four deal with Japan's policy towards the yen, which should reflect the condition of the Japanese economy, and with Japan's... approach to burden-sharing on the costs of oil imports by industrialised countries.

The fifth and sixth items deal with the need for Japan's domestic markets to be opened to exports from elsewhere and for Japan to deal even-handedly with the EEC and the U.S. on trade arrangements.

Libya may seek changes in Spain oil deal

BY ROBERT GRAHAM IN MADRID

SPAIN will soon be obliged to renegotiate a highly advantageous and unusual oil deal with Libya that has lasted for five years. The arrangement has meant an effective Libyan loan to Spain, which this year will be $250m at below market rates, according to bankers in Madrid.

The agreement was made in 1975 when Spain sought to use its historic ties with the Arab world to obtain discounted crude. Spain was and still is the sole Western state with no formal diplomatic relations with Israel.

The Libyans agreed to sell oil to the Spanish state oil concern, Hispanoil, on terms under which Hispanoil only paid directly for 65 per cent of the crude. The remainder was treated as discounted crude on extended credit. At the end of the year, the amount outstanding was converted into a formal dollar loan to Spain for five years at 1.5 per cent below the London Inter-Bank Offered Rate (LIBOR).

This arrangement has so far worked smoothly but it expires in December. The loan figures in Spanish national accounts as part of the country's foreign debt and is handled directly by the State-run Instituto de Credito Oficial. When the arrangement started, the year-end Libyan loan was $60m. However, already this year the loan has reached $240m and could go as high as $280m.

Libya is contracted to supply some 5m tonnes (100,000 barrels a day) to Hispanoil this year, just under 10 per cent of total Spanish crude purchases. The Libyans are understood to feel that the financial arrangement has become too favourable to Spain and are almost certain to press for a change. The Spanish Government for its part, with its new emphasis on security of crude supply, is in little position to bargain.

Trade gap widens in Italy

By James Buxton in Rome

ITALY RECORDED another record trade deficit in September, indicating how much the economy, still more buoyant than that of most other Western countries, is continuingto suck in imports while exports remain depressed.

Imports totalled L7.733bn (£3.49bn) and exports L5.308bn (£2.4bn), producing a deficit of L2.425bn (£1.094bn).

Italy's cumulative deficit for the first nine months of 1980 totals L13.612bn (£6.14bn), more than the L13,000bn officially projected for the full year. In 1979 the cumulative deficit was L4.725bn.

The September deficit is partly due to the rebuilding of stocks, especially of petroleum products, before the seasonal autumn economic upturn.

Italy's economy is out of phase with its immediate competitors. The authorities have failed to restrain domestic consumption, allowing imports to increase, while domestic inflation (running at an annual rate of 21 per cent) has hindered exports.

Measures passed in July to restrain consumption and assist exporters lapsed with last month's fall of the Francesco Cossiga Government. Since then there has been a credit squeeze, while the new Government of Sig. Arnaldo Forlani last weekend brought in a package of revenue increasing measures. The Government is next expected to lighten industry's tax burden by restoring concessions on welfare payments.

Yugoslavia ends price controls on many consumer products

BY ALEKSANDR LEBL IN BELGRADE

THE YUGOSLAV authorities' inclination to make greater use of the price mechanism to restore balance to the economy has been taken a step further with the decision to lift price controls on many consumer goods. At the same time, hire purchase conditions have been tightened by raising the down-payment on cars and other consumer durables from 67 per cent to 75 per cent of the price.

A wide range of consumer items has been affected by the abolition of price controls. They include cars, white goods, televisions, radios and other sound equipment, records, films, paper, footwear, leather and fur, furniture and some foodstuffs, like sugar and alcoholic drinks, as well as public transport fares, telex and telephone charges.

The aim oof the new policy is to stimulate supply at the same time as depressing demand for goods currently in short supply. In the short run, however, the move is expected to increase inflation well beyond current rates of around 30 per cent on an annual basis. High inflation is partly a consequence of last June's 30 per cent devaluation of the dinar, although this has contributed to a significant improvement in the balance of payments situation.

The volume of exports rose 11 per cent over the first 10 months of this year while import volume was down 12 per cent. This trend is reflected in a reduction of the trade deficit to $4.79bn over the first nine months compared with $5.46bn over the same period last year. The improvement will not be sufficient, however, to reduce the overall payments deficit to the target figure of $2bn by the end of the year.

Meanwhile, it has now become clear that disagreement between Yugoslavia's six republics and two autonomous provinces has delayed agreement on the targets for the 1981-85 five-year plan. The Federal Government has demanded that a draft plan for 1981 be submitted to Parliament by the end of this year. It is expected to show greatly reduced targets with industrial production rising only 3.5 per cent, less than half the average rate over the past three years. Raising exports and cutting imports further at the expense of domestic activity and living standards remain the top priorities for next year as part of the medium-term economic stabilisation programme.

Surge in Japanese patents

By Kevin Done in Frankfurt

APPLICATIONS for patent protection in West Germany for Japanese inventions are increasing dramatically.

In the 1950s Japanese companies filed less than 1 per cent of the average 60,000 applications made each year to the West German Patents Office. By the 1960s the Japanese were accounting for around 4 per cent of applications, but the dynamic surge of technological developments in Japan in recent years boosted their share of applications to 13 per cent by the mid-1970s and to 22 per cent last year.

According to a report by the Institute of the German Economy this surge into the West German market has been achieved to the detriment of both European and U.S. patent applications, which have been falling in absolute terms for about 10 years.

Measured against applications from outside West Germany, the Japanese are now in second place behind the U.S. in areas such as mechanical engineering, mechanical technology and electrical and electronics technology. For patent applications in physics Japan has overtaken the U.S.

Up to 1975, the total number of patent applications received in West Germany averaged about 63,000 a year, but the number has since been declining.

By last year the total of new patent applications had dropped to 55,000 of which more than 24,000 were from outside the Federal Republic.

UK anxious for Norwegian gas

BY FAY GJESTER IN OSLO

THE BRITISH GAS Corporation is still in the running to receive the large quantities of gas from Norway's part of the Anglo-Norwegian Statfjord field in the North Sea.

Mr. Hamish Gray, the British Energy Minister, said in Oslo yesterday that British Gas was "still in a negotiating position" over the price.

Mr. Gray, who had spent the morning reviewing oil and gas topics with Mr. Arvid Johanson, Norwegian Energy Minister, said Britain was keen to buy Norwegian gas, "not only from Statfjord," and anxious to ensure that its offer was acceptable.

Both Ministers stressed that price negotiations were a matter for the companies concerned. It seemed clear that the Norwegian Government has not decided where it would prefer the gas to be landed—in Britain, Norway, or on the Continent.

Mr. Johanson said the Government expected to reach a decision early next year. This would then have to be approved by the Storting (Parliament).

Mr. Gray said Britain would go ahead with plans to lay a line to Statfjord whether or not it succeeded in buying Norway's share of the field's gas. "We have gas of our own to take from Statfjord," he explained. Britain would not consider selling its share of the Statfjord gas whatever price a foreign buyer might offer.

SEAT and Talbot seek short time for 40,000

BY OUR MADRID CORRESPONDENT

SPAIN'S two leading car manufacturers, SEAT and Talbot, have applied to the Government to place a total of nearly 40,000 workers on short time during the coming year.

SEAT's move would affect some 26,000 of its 32,000 workforce, while Talbot's would affect 11,800 of its 13,600 strong labour force. Both applications, lodged separately, will be judged in the next 15 days.

SEAT's losses this year are expected to exceed its Pta 15bn (£81.5m) loss in 1979, while Talbot also faces a bad year in 1980.

Elsewhere in Spain, the danger of renewed civil strife in the Basque country has grown with 10 killings there in the past 12 days.

The worst incident occurred late on Monday night in Zarauz in Guipuzcoa province, when two unidentified gunmen entered a bar, killing four off-duty civil guards and one civilian and wounding four others.

The gunmen raked the bar with some 35 shots, shouted "Long Live ETA" and escaped in a waiting car. No one has yet claimed responsibility but ETA, the militant Basque separatist organisation, has only rarely acted indiscriminately—and Monday's killings were considered indiscriminate.

The attack followed a 50,000 strong protest march in San Sebastian on Sunday, backed by both the major Spanish and Basque political parties, against the killing of three Basque members of the ruling Union de Centro Democratico by ETA during the previous ten days.

It was the first time the Basques had staged such a large protest against ETA violence. The past fortnight has seen ETA concentrate its assassinations on politicians, as opposed to the traditional "military" targets. It is also trying to weaken the UCD presence in the Basque country.

OVERSEAS NEWS

Strong upturn in Egypt's balance of payments

BY ALAN MACKIE IN CAIRO

EGYPT'S BALANCE of payments have made a remarkable recovery in the past year despite the Arab boycott following the signing of the peace treaty with Israel and despite an annual 3 per cent growth in the population, according to a Central Bank report recently submitted to the Egyptian People's Assembly.

There was a small deficit of E£11.2m (£6.5m) on the current accounts for the first half of this year, compared with a deficit of E£537m for the first six months of 1979. Another encouraging pointer was that for the first time recently exports are rising at a faster rate than imports — thanks largely to a big rise in oil revenues.

These helped to clip the rise in the trade deficit. When foreign aid, running at over U.S.$2bn a year, is added in, Egypt can be said to have more money than it needs to cover its daily needs for the first time in well over a decade.

Egypt is not a big oil producer — production is about 630,000 barrels a day, of which about 200,000 barrels a day are available to the government for export. Production has risen but the main reason for the near threefold increase in oil revenues to E£859m compared with E£306m for the same period of 1979, is the rise in international oil prices.

Despite Egypt's cool relations with its Arab neighbours, workers' remittances are still rising strongly. They came to E£936m for the first six months of the year, compared with E£653m for the first half of 1979.

Suez Canal revenues are up over 25 per cent at E£230m, and tourist revenues 16 per cent at E£200m for the first six months of 1980. Suez Canal revenues are expected to jump again to an annual rate of over $1bn when the widened and deepened canal becomes operative in the New Year.

The authorities have also had some success in persuading returning workers to change their remittances into Egyptian pounds. Central Bank and commercial bank deposits at June 30 stood at E£6,664m, over 30 per cent higher than six months previously. The growth of local currency deposits is keeping pace with hard currency deposits, which account for one-third of the total.

Increasing local currency deposits is considered essential in the battle to damp down inflation now running at around 30 per cent a year. The Government has had some success in stemming inflation, which in the first quarter was running at an annual rate of about 50 per cent. But this has been at the cost of increased subsidies and setbacks to the IMF-inspired monetary reform programme.

Plans for a new IMF extended fund facility have been shelved for the time being, as Fund officials, in Cairo on a fact-finding mission, grapple with the new accounting required by the recent change in the fiscal year, which now ends mid-year. Egypt no longer needs the funds urgently, even though it would dearly like the IMF's seal of approval.

The mullahs grow tired of hostages

Why has the Islamic Republican Party, led by Ayatollah Beheshti (right), shown a moderate face? **Patrick Cockburn reports**

THE DECISION of the Iranian parliament to agree terms for the hostages' release is a measure of the control the clergy of the Islamic Republican Party exert over all political institutions in Iran.

Having used the hostage issue as the ladder by which they rose to power over the last year they want to kick it away.

Almost as soon as the hostages in Tehran were taken by the militant students, the U.S. began to search for somebody in Tehran capable and willing to negotiate their release.

It was a frustrating search. In February Mr. Abolhassan Bani-Sadr, the newly-elected President, and Mr. Sadeq Qotbzadeh, the Foreign Minister, both billed as moderates, appeared on the verge of concluding a deal. They did not succeed and in failing severely damaged their popularity in Iran.

Ayatollah Khomeini said that the Majlis (parliament) would decide the hostages fate. This in turn meant that the future of the diplomats would be decided by the Islamic Republican Party (IRP), the clergy dominated group, which won a majority in the parliamentary elections.

Why has this party suddenly shown its moderate face? The clerical hardliners have been amongst the chief beneficiaries of the embassy take-over. It enabled them to crush the moderate nationalists and compete with the Left in their anti-Americanism.

The timing of the parliament's decision to produce the terms for the hostages' release is a measure of the degree to which the Islamic Republican Party feels secure in power.

They have 70 members of their party in the Majlis and another 6 (who normally follow their line according to their party chief Ayatollah Beheshti. This gives them a majority of the 230 members in the assembly.

During the first half of the year they fought a long and bitter battle with President Bani-Sadr which concluded with the IRP nominating their own prime minister and most of the cabinet. The President has moved from Tehran to the battlefront in Khuzestan from where he writes attacks in his newspaper on the new government.

It is significant that the softer line on the hostages now being pursued has coincided with a purge of the left. The progressive Moslems of the Mujaheddin movement, an extremely powerful force who have opposed the hostages release, are now under sustained attack. Their newspapers are banned and their members arrested.

In other words, the Government is using the exigencies of war to secure their own power. They need to do this rapidly since the clergy have taken over the levers of power at a time when their own popularity is diminishing. Bad news from the battlefront and the prospect of the inhabitants of Tehran facing a winter without heating oil makes it all the more necessary for the mto move against all forms of opposition to their rule.

The need to secure their own power has thus weighed more heavily in the minds of the IRP leaders such as Ayatollah Beheshti and Hujatoleslam Hashemi Rafsanjani than the need to end Iran's diplomatic isolation or secure military supplies from the U.S.

The army fighting the Iraqis has been crippled by the collapse of its own logistics system rather than lack of tank treads. Re-opening of the supply lines will not turn the scales on the battlefield. At the same release of the hostages — and the release of all of the money be some way off — will significantly improve Iran's international position.

Kuwait to limit oil flow increase

BY LESLIE DE QUILLACQ IN KUWAIT

KUWAIT intends to produce about 300,000 barrels a day more crude oil in the fourth quarter of this year in order to compensate for crude shortages due to the war between Iraq and Iran.

The amount is about 200,000 less than predicted. The news comes at a time when Saudi Arabia is cutting back its oil output to a maximum of 10m barrels a day, rather less than the 10.4m it was said to have produced at the start of October when there were fears of the impact that the Gulf war would have on oil markets.

Kuwait has already begun signing contracts, both long- and short-term, with companies and countries which were heavily dependent on the warring Gulf states. Developing countries will be sold Kuwaiti crude at official prices, while larger oil companies will be charged according to the formula by which Kuwait's pre-war customers were charged.

Under that formula, old and large customers purchased some crude at official prices and some at a premium, usually $5.50 a barrel. New, small customers generally pay a premium on all the crude they buy.

The formula also includes stipulation that Kuwait has the right to demand that half the crude be carried in Kuwaiti tankers and that Kuwait has the right to refine, for its own account, a quantity equal to 25 per cent of the contract amount in the customers' refineries.

The French, who for about nine months have been negotiating long-term contracts of 25,000 b/d for Elf Aquitaine and the same amount for Compagnie Francaise des Petroles, reportedly found that their recent request for some replacement crude for Iraqi supplies is being considered as part of the negotiations for the long-term contract. They are said to have left Kuwait without signing any agreement and apparently confused, as they had been referred to Kuwait by the Iraqis.

Saudi Arabia plans to produce 500,000 b/d more, taking its total production to 10m b/d, and Qatar has offered 20,000 b/d. The United Arab Emirates' plans seem uncertain. Abu Dhabi has promised 50,000 b/d more to the French from offshore wells and has reportedly promised another 20,000 b/d to Japanese customers whose supplies were reduced in August.

Baghdad Fair goes ahead despite conflict

BY ROGER MATTHEWS IN BAGHDAD

THE BAGHDAD International Fair, at which foreign companies need to exhibit if they are to be considered for substantial government contracts, is to open as scheduled on November 15, it was announced yesterday.

The only change imposed by the war with Iran is that Government Ministers will not visit the fair and the public will be barred. But it has been stressed that the special government import committees will be there and that foreign companies should send their representatives to Baghdad by November 15. The fair closes on November 30.

Iraq's non-military imports are estimated to have been worth in excess of $5.5bn last year and with its substantial revenues and reserves is perhaps the fastest growing market in the Middle East. Before the war, Iraq's oil revenues for this year had been expected to top $30bn.

The Government's announcement that the fair is to go ahead poses a dilemma for foreign companies. A few staff who were evacuated at the start of the war more than six weeks ago have returned but the majority have remained outside the country and many major projects have not yet resumed.

This week's decision by a subsidiary of GKN to pull out its staff who were building poultry slaughter-houses and cold stores in a deal worth around $30m has caused fresh anxieties among the foreign business community. With Iranian air raids over Baghdad having declined sharply it was assumed that companies would be returning rather than leaving.

President Saddam Hussein has also tried to allay some foreign anxieties over rapidly rising costs by issuing a decree providing for the formation of a special committee under the chairmanship of the Minister of Trade. This committee will examine "the abnormal conditions" caused by the war and is expected to set compensation terms and amend fixed price contracts. All costs have increased as a result of the war and virtually every major project is delayed.

But with the fighting showing no signs of halting the squeeze on companies, especially those which had secured large civil engineering projects by submitting bids that allowed for only very narrow profit margins, is becoming steadily tighter. This affects most seriously South Korea and also Japan, Iraq's biggest trading partner, and France and West Germany.

The nine members of the European Common Market have offered to assist the Minister of Trade's special committee in examining the effects of the war on foreign contracts.

Preparatory work for the trade fair is intensifying with West Germany also having to make good the damage to its pavilion caused by a missile which also injured two workers during the early days of the war.

A senior Government official, challenged about the risks involved in coming to Baghdad, retorted: "Is not all trade a risk?" He added that it was entirely up to each company to decide whether it was afraid to come to Baghdad or whether it wanted to sell its goods.

The basis for an improvement in trade and diplomatic relations between Iraq and Britain has been laid with the release of businessman Mr. Christopher Sparks who had served two years of a life term in a Baghdad jail. Another British businessman, Mr. John Smith, who is serving a similar sentence, is still being held.

Islamic states seek economic co-operation

By Metin Munir in Ankara

EXPERTS and diplomats from 15 Islamic states met in Ankara yesterday to prepare a plan of action to be submitted to the conference of Islamic heads of states in Jeddah, Saudi Arabia.

The meeting, which ends tomorrow, has been organised by the Islamic Conference of Foreign Ministers and is the first of its kind.

The draft of a "plan of action towards economic co-operation" will dominate the debate. This proposes further co-operation in fields ranging from trade to tourism.

Among those represented at the meeting are Algeria, Indonesia, Iran and Iraq (whose representatives were seated far apart), Jordan, Libya, Malaysia, Morocco, Oman, Pakistan, Senegal, Saudi Arabia, Sudan, Tunisia, Turkey, and the Palestine Liberation Organisation.

Lack of fuel 'hits Indian growth'

BY K. K. SHARMA IN NEW DELHI

PRIVATE INDUSTRY does not share the Indian Government's optimism over economic prospects. Instead it believes problems over power and coal supplies will hamper industrial production.

In a mid-year review of the economy, the Federation of Indian Chambers of Commerce and Industry expects the Gross National Products to rise by around six per cent in 1980-81, with agriculture growing by about ten per cent and industry by just five per cent.

The review points out that the growth expected starts from a low base, since GNP is estimated to have declined by about three per cent in 1979-80, mainly because of drought and shortages of power, oil, coal and transport last year.

In the first six months of 1980, industrial production is estimated to have fallen by 3.2 per cent compared to the same period of 1979. However, conditions should improve in the rest of the financial year with the result that overall industrial growth should be around five per cent in 1979-80.

Noting that there are hardly any grounds for optimism on the industrial front, the review says there have been "heavy drops" in capacity utilisation in such key sectors as cement, aluminium, electric motors, machine tools and caustic soda.

In most industries, these falls are attributed not to creation of excess capacity or fall in demand, but to constraints on production and lack of basic inputs. Availability of power and coal continue to be major problems.

The industrialists are more hopeful about prices. The review notes that after continuous increases since March, 1979, prices showed a tendency to stabilise last August. It expects that, subject to minor fluctuations, prices may not rise over the next six months.

The review does not think much of the 41 per cent increase in the issue of letters of intent and 39 per cent rise in licences to medium size enterprises between January and June.

It says implementation of the licences has been slow, mainly because many of the enterprises "are unable to mobilise adequate finance from the capital market or the financial institutions."

Minister predicts acceleration of Malaysia's economic growth

BY PHILIP BOWRING IN KUALA LUMPUR

FINANCIAL TIMES
INVESTMENT IN MALAYSIA
CONFERENCE

TUNKU RAZALEIGH HAMZAH, Malaysia's Finance Minister, yesterday forecast that Malaysia's economic growth rate should continue to accelerate during the fourth Malaysia five-year plan beginning next year.

Speaking at a conference on investment in Malaysia, organised by the Financial Times and Bumiputra merchant bankers, the minister noted that Malaysia's economic growth had risen from 4-4.5 per cent annually during the 1950s, to 5-5.5 per cent in the sixties and 7½ per cent in the 1970s. Over the last five years it achieved an average of 8.5 per cent.

Given favourable international conditions a rate of growth of 10 per cent or more was within reach. Tunku Razaleigh said he particularly looked forward to the period after social and economic restructuring was achieved.

He said that once the government's stated objectives in reducing economic inequalities among the races had been achieved—the target is 1990—full rein would be given to the private sector and free enterprise would no longer be restrained by government social policies.

Tunku Razaleigh's commitment to the 30 per cent Malay ownership goals laid down in the government's plan was seen as significant at a time when some Malays have been urging that target for Malay ownership be raised to 51 per cent. That call has seriously worried many Malaysian Chinese.

He said that Malaysia had achieved radical social and economic change through evolutionary progress. Malaysia's unique racial diversity was a source of strength not weakness. Meanwhile, economic progress had been helped by the discipline needed to maintain a low rate of inflation and achieve a rising savings rate — national savings were now 27 per cent of GDP compared with 17 per cent in the 1960s.

Earlier, Tan Sri Abdullah Salled, chief executive of Petronas, Malaysia's national oil company, told delegates of the opportunities for investment in gas-based industries in Malaysia. Gas reserves of 30 tn cubic ft were three times greater in energy value than oil reserves. So far about half has been committed for export as LNG. But the rest of both associated and non-associated gas deposits would be for domestic usage.

Prices to consumers would be below international ones but would not be a give-away. He said that oil usage in Malaysia was expanding at 9 per cent a year compared with 8 per cent for GDP. This was too high and there would have to be a shift to gas and hydropower.

He mentioned steel, aluminium smelting and methanol production as industries which might be based on the gas found offshore the states of Sabah, Sarawak and Trengganu.

Among other Malaysian speakers at the conference, Senator Kamarul Ariffin, president of the National Chamber of Commerce and industry, said industrial projects, complementation schemes and preferential tariffs within the five-member Association of South East Asian Nations (ASEAN) should be a magnet for investment in Malaysia.

Datuk Jamil Jan, chairman of the Malaysian industrial development authority emphasised the importance that Malaysia in the 1980s would attach to the development with government equity backing of heavy and engineering industries.

Overseas investors should see Malaysia as being in the longer term a provider of skilled, not unskilled, labour, he said.

Dr. M. Salzer, of Robert Bosch, also said that labour was easily trained and quality of work was high. However, labour turnover of 30 per cent a year was very high.

هكذا من الكحل

AMERICAN NEWS

Spending on homes shows strong rise

By Ian Hargreaves in New York

U.S. CONSTRUCTION spending continued to rise strongly in September, in spite of repeated warning from the housing industry that a sharp run-up in mortgage lending rates would choke off the recovery.

At a conference in Washington a few days ago, housing economists from the public and private sector said again that with home loan rates now over 14 per cent in many parts of the country and still climbing, the recovery in the housing market would be set back in the current quarter.

But the desire of more Americans to own homes as a hedge against inflation appears for the moment to be outweighing high interest rates.

The 3.2 per cent rise in construction spending for September over August just reported by the Commerce Department was almost entirely due to growth in house construction activity.

The department also revised its August figures to show a gain of 0.4 per cent over the previous month, rather than a decline of 0.6 per cent, which was the original estimate.

During September, housing starts proceeded at a 1.54m annual rate, which is still depressed compared with the actual total of 1.7m units in 1979 and over 2m units in 1978.

It is a big improvement, however, on the less than 1m annualised rate in May this year, when interest rates were soaring to their spring peak.

The National Association of Home Builders, like Government economists, expects next year's starts to total 1.5m units—reflecting general expectations of a rather feeble, inflationary period for the U.S. economy.

Canute James in Kingston assesses the economic and political problems facing the Seaga Administration

After the landslide, Jamaicans wait for a miracle

"SAVED BY the bell," said the full-page newspaper advertisement placed by the Jamaica Labour Party, whose election symbol is the Liberty Bell. "Jamaica's future starts," it continued. "The nightmare is all over . . . our future starts today."

But after the celebrations of Labour's landslide victory last week over Mr. Michael Manley's People's National Party—Labour took 51 of the 60 seats in the Lower House—much more than the bell will be needed for Jamaica's economic salvation.

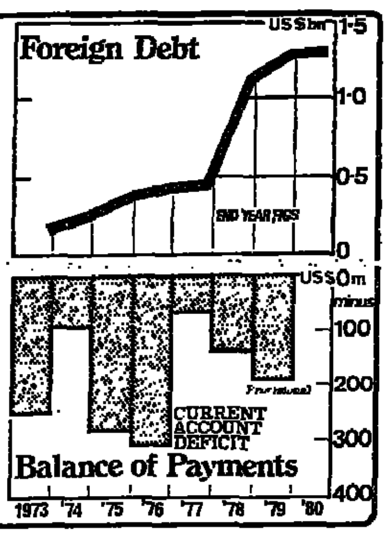
Mr. Edward Seaga, the new Prime Minister, has inherited a bewildering array of economic problems from the eight and a half years of Mr Manley's Administration. He has the advantage of having once been Finance Minister, a portfolio to which he has re-appointed himself. But unlike his golden years at the *Finance Ministry*, when foreign investment flowed into the bauxite and tourism industries and cheap oil was taken for granted, present-day Jamaica confronts him with an economic game in which the rules are very different and the playing field is littered with hurdles.

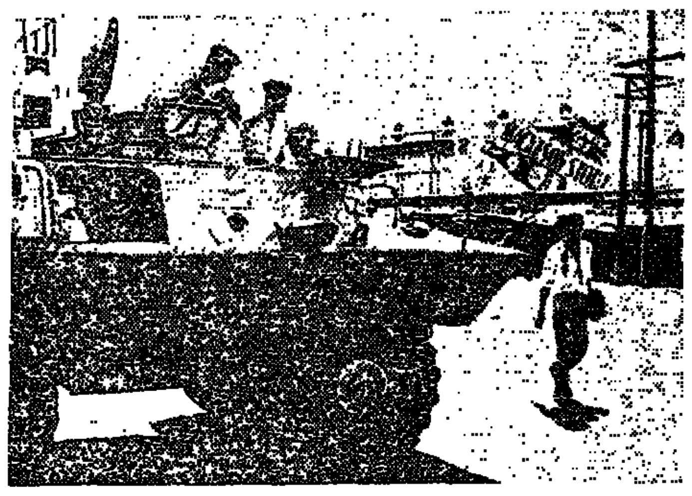
He faces, for example, the cumulative 16 per cent drop in gross national product over the past six years, a trade gap this year expected to be about $350m, a foreign debt of $1.3bn, and the social tensions arising from an unemployment rate officially estimated at 31 per cent.

Mr Seaga has claimed his Government is the first in Jamaica's history to take office with an empty treasury. The Central Bank ran out of funds last Wednesday, the day before the elections he said, but the situation had been saved, until today, by a $10m loan from Iraq *negotiated by the previous* Government.

The immediate problem, he said, was to close the foreign exchange gap of $155m for the rest of this year. He did not elaborate, but reports from New York and Kingston say the new Government can get as much as $700m in credit from the International Monetary Fund, spurned by Mr. Manley because of the conditions attached, but regarded by Mr. Seaga as vital to economic recovery.

Edward Seaga





Soldiers in armoured cars keep watch in Kingston after the general election last week

Jamaican private sector spokesmen, close to Labour Party economic policy-making say they expect an early start to negotiations with the Fund, and agreement within two months.

The Government is looking at other ways of financing a projected foreign exchange deficit of between $500 and $550m a year over the next three years. It plans to encourage exports of manufactured goods (which *themselves depend on foreign* exchange being available to buy raw materials, machinery and spares), reschedule debt re-payments, and *what it calls* "structural adjustment and balance of payments loans" totalling $585m over the next three years. The *only source of such large loans* over such a short period is the International Monetary Fund.

Mr. Seaga accused Mr. Manley's Government of turning away foreign investment. To correct this, the new Government intends to establish a "Capital Development Bank" which, according to a party statement, will have an initial share capital of $100m and will encourage "joint ventures and new projects." The Government will invite the Inter-American Development Bank, the International Finance Corporation, the European Investment Bank, the Caribbean Development Bank, the Commonwealth Development Corporation, the Kuwait Investment Bank and the Venezuelan Investment Fund to subscribe to the development bank's share capital.

"The bank, with its international participation and flavour, will be in a better position to attract *foreign investors* who are at present unwilling to start projects in Jamaica."

Most investors are expected to come *from the United States* and Canada, with a few from West Europe. Mr. Seaga has spoken of attempting in Jamaica *a "Puerto Rican" economic* model, in which foreign companies would be attracted by lower production costs. This he sees as exploiting the island's greatest economic asset—its proximity to the U.S.

Local businessmen pleased with the Labour victory, say they want to reopen the many factories which had to close because they lacked raw materials and spares. Plants still running are working at only about 30 per cent of capacity, said Mr. Winston Mahfood, president of the Jamaica Manufacturers' Association.

However, the new Prime Minister's efforts at economic reconstruction *are threatened* by another legacy. "The criminal gunmen are driving us mad," complains a city businessman *whose furniture factory* has been closed for two months because armed gangs have been robbing and murdering his *workers*.

"We can have the best plans and all the money in the world, but if we do not get rid of these *hoodlums, we will never turn* this economy around," said an influential member of the Private Sector Organisation of *Jamaica* at an election victory celebration. Last week, while Jamaicans voted, 59 people were killed. 37 of them by gunmen and gangs, the others shot by the security forces. The violence which made the election campaign such a bloody affair, and which has claimed over 500 lives this year, shows no sign of abating. The tourism industry is centred on the north coast, well away from the Kingston trouble spots, but it is threatened.

Mr. Seaga's conservative Government has already brought about changes in foreign policy. The first evidence came when Sr. Ulises Estrada, *the Cuban ambassador*, left Kingston for Havana early on Monday, fulfilling Mr. Seaga's pre-election promise—*Mr. Manley's supporters say* "threat." The ambassador and the Labour Party last year locked horns over statements by the *pro-Labour Party Gleaner* newspaper and the party, which the ambassador said were threats to his country. The *party and the newspaper said* the ambassador's replies constituted the threats. The links Mr. Manley had with Cuba will be reduced, although Mr. Seaga has said he wants to maintain friendly relations with Cuba. But the Cuban doctors and construction workers, here under agreements between Mr. Manley and *President Fidel* Castro, are expected to be asked to leave.

Mr. Seaga said his party's win was a victory over communism. He has also said his Government will be moderate, and recognise the right of Communists, and others to freedom of association and expression. Local Communists, like Dr. Trevor Munro, leader of the small but vocal Workers Party, are unconvinced.

Mr. Seaga's effort to take Jamaica closer to the United States could also affect the island's relations with other countries in the Caribbean Common Market (Caricom). Mr. Seaga started his term by freezing relations with Dr. Eric Williams, the Prime Minister of Trinidad and Tobago. Dr. Williams had attacked the International Monetary Fund for entertaining Mr. Seaga in June while he was Opposition leader. Mr. Seaga has said he regards Dr. Williams's intervention as interference in Jamaica's affairs.

Officials of Mr. Manley's party, dazed by the election result, concede that they expected a close fight and possible defeat by only a few seats. Much soul-searching is now going on, although reports of a rift between Mr. Manley and Dr. D. K. Duncan, the party's general secretary, have not been confirmed.

The overwhelming victory for Mr. Seaga suggests that *Jamaicans are impatient for* change, and Mr. Seaga will have to act quickly. "Deliverance has come," shouted a Labour Party *supporter, echoing a party* slogan. But the sceptics remain. "We can say deliverance has come when Mr. Seaga and his Government have delivered," said one on a phone-in radio show. Most of Jamaica's 2.1m, a fair share of them hardened cynics, will be more than marginally interested in Mr. Seaga's attempts at an economic miracle.

Oil chiefs 'reject Trudeau policy'

By Robert Gibbens in Montreal

MAJOR foreign-controlled integrated Canadian oil companies do not want to sell their companies to meet "Canadianisation" objectives set by the Trudeau Government in Ottawa. This has been made clear by Mr. Wilbert Hopper, president of Petro-Canada, the Canadian national oil company.

There have been reports that Petro-Canada wanted to buy into Petrofina Canada, an integrated oil company which is based in Montreal with production in Western Canada and has an interest in Syncrude, the Alberta tar sands oil producer.

Petro-Canada is said to have made three offers for Petrofina Canada through the latter's parent company in Brussels.

The last offer, said to be around C$120 a share, was rejected, along with the others. Mr. Hopper suggested that if the federal government wishes to pursue its *goal through acquisition of* major foreign-owned firms, it might have to consider nationalisation.

Petro-Canada took over the Canadian subsidiary of Phillips Petroleum of the U.S. two years ago in the largest takeover bid in Canadian business history, involving nearly C$1.5bn (£520m).

Ironically, last week the Foreign Investment Review Agency in Ottawa refused Phillips permission to buy a relatively small Canadian exploration and production firm.

Foreign companies have explained privately their fears that if they sell to Petro-Canada or any other Government agency they will not be allowed to return to Canada because of the federal Government's Canadianisation policy.

The goal of the policy is at least 50 per cent ownership by Canadians of the oil and gas industry in this decade. The Budget proposed higher federal taxation on the oil and gas industry, but the total weight of federal and provincial taxation and royalties will not be clear till Ottawa and *Alberta* settle their disputes.

Reuter adds from Edmonton: The Alberta legislature *yesterday passed a resolution* recommending that the provincial Cabinet uses its authority to fix maximum *oil production levels in the province*.

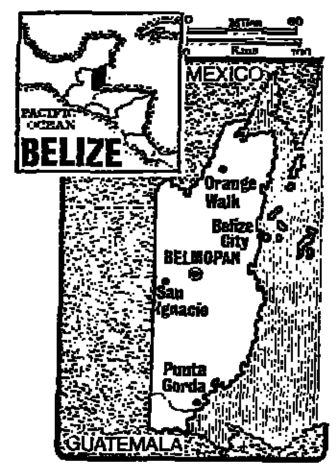
Premier Peter Lougheed announced last week that he *would propose to the legislature* a 15 per cent cut in oil production in retaliation against federal measures *affecting the oil industry*.

U.S. backs Belize independence move

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE PROSPECTS for a rapid transition by Belize to full independence next year, behind a continuing British defence shield against possible aggression from Guatemala, have been greatly strengthened by the vote in the UN Decolonisation Committee on Monday.

The motion calling for independence for Britain's Central American colony was approved by 130 votes to one, that of Guatemala itself. Eight abstentions included some Latin American dictatorships and Israel.



In a move which will perturb the Guatemalan authorities, the U.S., which had hitherto refused to commit itself to Belizean independence for fear of further Left-wing infiltration in the region, voted for the first time in favour of Belize. Guatemala claims sovereignty over most of Belizean territory.

The motion called for Britain to continue to ensure Belizean security. The fact that Britain *co-sponsored the text indicates* that Whitehall has withdrawn its objections to the maintenance of a British force in the *territory after independence*.

Meanwhile, reports from Guatemala City indicate that the long-standing breakdown of law *and order continues. Political* murders, principally of opponents of the military regime of General Romeo Lucas, are estimated to be running at about 20 a day.

Among recent victims has been Sra. Irma Flaquer, a noted journalist and human rights activist. One of the few opposi*tion deputies, Dr. Carlos* Gallardo Flores, a social democrat, was last month stripped of office because he had stayed *longer than expected outside* the country.

Dr. Gallardo had sought extended leave of absence from *Congress because he feared for* his life if he returned to Guatemala.

Oil wells hit by flooding

MEXICO CITY—Torrential rains have caused severe flooding in south-east Mexico, killing at least four people, leaving thousands homeless, and closing some oil operations.

Bad weather has caused the *closure or reduced operations* of 31 oil wells in the Bay of Campeche, which produces 850,000 barrels of crude a day. *Officials expected them to be* back in operation shortly.

AP-DJ

WORLD TRADE NEWS

British importers attack call for tough textile pact

BY RHYS DAVID

DEMANDS BY the textile industry for a tough replacement for the present GATT Multi Fibre Arrangement (MFA) when it runs out at the end of next year, come in for a formidable barriage of criticism in a submission published yesterday by the British Importers Confederation.

The present tight controls, it argues, are not in the wider interests of the UK economy or consumer, are positively harmful to UK relations with developing countries, and in particular the export efforts of other industrial sectors and may not even be doing the textile industry very much good.

With the textile industry's own views on the next MFA already on Government desks for several months, the BIC has turned to Third World economic expert, Dr. Vincent Cable of the Overseas Development Institute and his colleague Mrs. Mary Sutton, to provide the intellectual grounding for its case.

Their basic assumption is that another MFA will be negotiated, and indeed they argue that it would be in the interests of neither importing nor of net exporting countries to revert to the "anarchy" of unilateral quotas outside an overall framework such as the MFA.

The BIC argues instead for a four-year extension of the agreement with a commitment to subsequent phasing out of controls. It also opposes textile industry demands for a reduction in the overall 6 per cent import growth rate under the MFA, and wants a simplification and reduction in the number of quotas.

The "reasonable departures" which has enabled the EEC to impose a below-6-per-cent growth rate on certain sensitive items, should be scrapped, and in general the next agreement should revert to the somewhat more liberal principles which governed the first MFA from 1974-77.

It also urges stronger powers for the GATT Textile Surveillance Body and a monitoring of the effect of quotas on consumer prices. The "social clause" advocated by the textile industry, laying down employment standards to be observed by developing country suppliers, is rejected as impracticable.

At the same time the UK industry should be given a range of non-protectionist assistance, suggests Mr. Basil Marcuson, the BIC chairman. This might include a stimulus to demand through a reduction in VAT on clothing and household textiles; cash assistance for diversification projects; and generous retraining and regional assistance.

An extended temporary employment subsidy to cushion the effects of the recession on jobs would also be preferable to semi-permanent trade measures.

The submission lists three main reasons for importers' opposition to the present MFA.

First, import competition is valuable in containing inflationary pressures; second, Britain maintains a favourable balance of payments with developing countries and risks losing business if it denies them the opportunity to expand exports.

Finally, textile protection has grown from modest temporary arrangements 20 years ago into a panoply of controls and threatens to extend into EEC-US or even intra-EEC trade. Other industries, too, are now demanding similar treatment.

The MFA, it argues, already goes beyond what is needed to counter export subsidies, other forms of dumping or serious provable cases of market disruption, and stretches the notion of unfairness to the point of absurdity.

"Underlying much of the sense of grievance about textile imports is that they are produced in countries where wages are much lower than in Britain. To argue that trade is unfair because wage differentials exist is without any economic justification."

Italians in multifibres protest

By James Buxton in Rome

THE ITALIAN Chemical Industries Association is protesting against the high level of textile imports from developing countries into the Common Market this year.

It says that when the GATT Multi-Fibre Agreement between the EEC and developing countries is renegotiated next year, it must take into account the level of penetration of the European market by products from low-cost producers in the developing countries.

When the agreement was formulated increasing European demand had been expected to absorb without much difficulty expanded imports from outside the EEC, the association says in a study. But in fact the trade cycle has turned down and imports, which were up by 14 per cent in the first half of 1980 compared with the first half of 1979, were partly at the expense of domestic production. In Italy imports were up by 16.2 per cent in that period.

It wants the EEC to reduce textile imports in time of crisis and it calls on other industrial countries, notably the U.S., to take a greater proportion of developing countries' textile exports. But the association fears that the hard line on textile imports taken by Britain will encourage the U.S. to be equally stern.

Solution to India-U.S. trade row could set important precedent

GATT faces test on subsidy code

BY BRIJ KHINDARIA IN GENEVA

THE U.S. and India are in the middle of a dispute over whether Indian sales of industrial fasteners and manhole covers should attract extra U.S. duties because they are subsidised.

The way in which the row is resolved will help determine the effectiveness of the trade liberalisation measures agreed in General Agreement on Tariffs and Trade (GATT) Tokyo Round package.

"The solution to this dispute will set an important precedent," said Mr. Arthur Dunkel, GATT's new Director General. "The Tokyo Round package's implementation is bound to cause arguments. It is a good thing existing complaints are being handled through GATT. That can only help to improve the world's trading system."

The argument in this case hinges on the interpretation of a subsidies code—part of the Tokyo Round package—and the relationship of this code to basic principles of the GATT.

The subsidies code lays down rules to govern the use of subsidies of manufactured exports and the way in which importers can offset these by the use of countervailing duties.

If an importing country wants to charge countervailing duties it is, obliged to prove, first, the existence of the subsidies, and, second, the fact that domestic producers have been harmed because of them.

The Indian case hinges on the charge that the U.S. has refused to prove injury to its domestic industry before applying the countervailing duties against subsidised Indian exports.

A round of informal talks between the two countries ended inconclusively in late October. A special session of the managing committee, set up by GATT to manage the subsidies code, will be called next month to consider the matter.

And the GATT Council, which groups together the GATT signatories, will also consider on November 10 whether to establish a panel to arbitrate between the two sides.

The U.S. is in an uncomfortable position, according to one EEC official, because it is appearing to damage the trade interests of poorer countries. This could delay acceptance of the Tokyo Round codes by developing countries, most of which have shunned the package so far.

Several developing countries were expected to follow India when, after long hesitation, it signed the subsidies code last July. But they have postponed their plans and are awaiting the outcome of the dispute.

All the industrialised countries belong to the code, but the only Third World members, apart from India, are Brazil, South Korea and Pakistan.

The U.S. is the only member of the code to have denied India its rights, and the reason, U.S. officials say, is a rider which the Congress put on the legislation last year when President Carter was authorised to sign the code.

This rider states that the U.S. can apply the provisions of the subsidies code only to countries which first pledge to remove export subsidies according to a mutually agreed timetable.

Early this year, the U.S. changed its countervailing duty laws to conform to the subsidies code. The previous laws, enacted before GATT's creation in 1948, allowed imposition of duties without proof of injury to local manufacturers.

But, because of the Congressional rider, trading partners must still set a timetable to end export subsidies if they are to avoid countervailing duties.

India refused to make the pledge. It argued that, as a developing country, it has a right to be treated better than industrialised countries. The subsidies code does contain a clause absolving developing countries from such pledges.

As a result of India's refusal, the U.S. in September applied countervailing duties ranging from 15 to 20 per cent on Indian-made imports of industrial fasteners (nuts, screws and bolts) and manhole covers worth about \$20m (£8.2m).

The duty on fasteners bit particularly deeply because it came on top of a 15 per cent import tariff imposed by the U.S. two years ago, in line with GATT rules, to protect domestic producers against a flood of imports from Japan.

Several labour-intensive manufacturing units in India, such as the National Small Industries Corporation of New Delhi and Sundaram Fastners of Madras, face damage.

Experts on GATT law say the U.S. cannot apply countervailing duties even if it denies India benefits of the subsidies code, because a separate article in GATT, outside the code, also stipulates that injury to domestic producers should first be demonstrated.

"It's a case of the U.S. Administration not being allowed to obey GATT rules by Congress," one expert said.

India claims that the U.S. has also violated GATT's most hallowed principle—the most-favoured-nation clause—under which any benefit given to one member of GATT must be extended equally to all other members.

In reply, the U.S. points to a provision in each Tokyo Round code, saying that both obligations and benefits should apply only to other signatories. Each signatory also has the right to refuse application of the code's provisions to any new member (as the U.S. has done).

Because the Tokyo Round codes have been grafted onto GATT, this provision apparently contradicts the most-favoured-nation clause.

Trade barriers 'will not alleviate UK's problems'

BY PAUE CHEESERIGHT

GENERAL IMPORT restrictions will not alleviate the UK's economic problems, according to a report published in London today.

If the country does look to import restrictions for salvation, "it will be like the man who has failed to hold down a succession of jobs and finally, in desperation, takes to the bottle," three economists conclude.

Mr. M. FG. Scott of Nuffield College, Oxford, Prof. W. M. Corden of the Australian National University and Mr. I. M. D. Little, a World Bank consultant, offer a firm restatement of the case for the UK to hold its place in the open trading system.

Their general case is that the UK's problems require more deep-rooted remedies than import restrictions. Slow productivity growth is not due to foreign competition, and import restrictions could actually increase inflation and unemployment.

The authors' intervention in the debate about the means to secure sustained economic growth comes at a time when the Government is under severe pressure further to restrict imports of sensitive products like textiles, electronic goods, chemicals and cars.

They seem to be trying to check the move within the Labour Party for greater use of import controls as a normal tool of economic policy.

They criticise in detail the ideas of the Cambridge Economic Policy Group, led by Mr. Wynne Godley and Mr. Francis Cripps, whose advocacy of general restrictions to promote growth has struck a chord in the Labour Party.

These ideas were first advanced in 1975 when the UK was running a large current account deficit. "In their laudable desire to see the UK escape from stagnation and unemployment, the Cambridge Group have addressed themselves to the wrong problem (the balance of payments) and come up with an irrelevant solution (import restrictions)," the Scott-Corden-Little report says.

A policy of general import restrictions would reduce consumers' real income, the authors argue, because:

- Consumers would be forced to buy domestic substitutes which are more expensive and of lower quality than comparable imports;
- If producers are forced to buy more expensive domestic substitutes for imported machinery, their costs will rise;
- Producers would be confined to a smaller domestic market, losing economies of scale and, hence, raising their costs; and,
- Producers would be faced with less competitive pressure to improve their products and methods of production.

The authors also contend that, with less foreign trade, the bargaining strength of labour in some industries would increase. This would allow wages to increase more quickly. The Government would then have to reduce demand and increase unemployment to prevent inflation from accelerating.

The Case Against General Import Restrictions by Mr. M. F. G. Scott, Mr. W. M. Corden and Mr. I. M. D. Little; Trade Policy Research Centre, London; £5.

Kuwait calls for bids to modernise refinery

BY LESLIE DE QUILLACQ IN KUWAIT

THE KUWAIT Government is now calling for prequalifying bids for modernisation of the Old Topping refinery at Mena Abdula, which was owned by Aminoil of the U.S. before that company was nationalised in September, 1977.

The project, which is expected to be tendered before the end of the year, will increase the capacity of the refinery from 110,000 b/d to 250,000 b/d and will add cracking processes so that the refinery will produce gasoline and premium distillates.

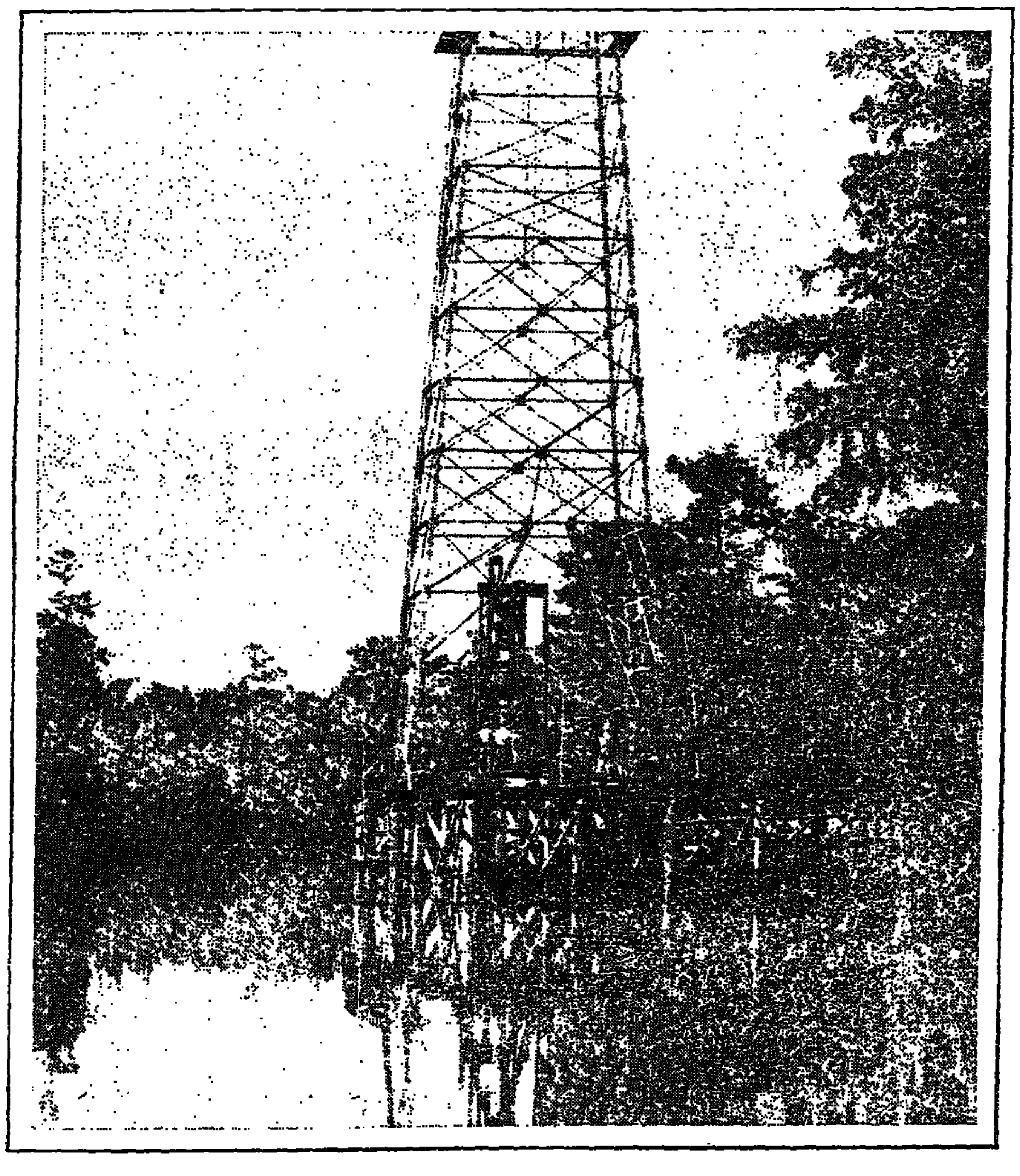
The Kuwait National Petroleum Corporation is still carrying out a study to define the final details of the modernisation projects, but these processing units will probably be included: crude distillation, vacuum distillation, residue conversion process-cooking, hydrocracking, fluid catalytic cracking, hydro-treating and H2 manufacturing. Also in the project will be storage and control buildings, office and maintenance buildings, roads, pipelines and drainage and power generation systems.

The prequalification applications are due December 15.

- Redler Conveyors, part of the Brockhouse Group's handling and process plant division, are to supply more than £1m worth of bulk handling equipment to a new grain silo being constructed for Kuwait Flour Mills. The contract is for Redler to supply conveyors, elevators, chutes, supports, ducting and other ancillary equipment.

Japan bicycles boom

Japan's bicycle shipments to the U.S. rose by 127 per cent to 508,418 units in the first nine months of this year compared with the same period last year, AP-DJ reports from Tokyo. The increase corresponds with a 3 per cent fall in U.S. domestic sales in the first half of the year to 4.7m units. Sales of U.S.-made bicycles fell 12 per cent in the period to 3.6m units. Japanese producers say their bicycles sell at premium prices and are cutting in to the top end of the U.S. market.



U.S. bidder for Times unlikely—Rees-Mogg

By John Lloyd

MR. WILLIAM REES-MOGG, the editor of The Times, told his staff yesterday that he believed it unlikely that a bid for the newspaper would come from a U.S. company.

Mr. Rees-Mogg recently returned from a trip to North America, where he held talks with Mr. Kenneth Thomson, the chairman of International Thomson, which owns Times Newspapers, and with senior executives of the Washington Post and Time magazine.

"The view in America is very much that Fleet Street is a bad place in which to do business.

"On the whole, a solution based on a U.S. company which doesn't have any commitment to Fleet Street is remote at present," he said last night.

He said that International Thomson had received "with sympathy" his plan for a consortium, composed largely of journalists and management at The Times, taking over the paper.

However, the company had made it clear that it would not give preference to the idea over other bids for the paper.

Mr. William Rees-Mogg

He told Times staff that he had received from readers offers of substantial sums to start the consortium, including several of £25,000 and one of £200,000.

Mr. Rees-Mogg said that a future consortium might contain a "readers interest."

● Print unions meet tomorrow to decide a common response to the offer by the Newspaper Publishers' Association of 5 per cent for their 30,000 members on national newspapers.

Mr. John LePage, the director of the NPA, has written to the unions warning them that a high wage award would mean closures and further unemployment.

"The offer is based upon what we are capable of paying without putting more newspapers in jeopardy.

"We have no desire to see our industry mirror the escalating unemployment figures of others."

Mr. LePage's letter says that the 5 per cent settlement will add £13m to the wage bill. It also defends the plan to cut payments to all workers who are involved in action not sanctioned by their unions.

"The clause is essential to continued survival, because newspapers will not be able to carry on sustaining massive losses resulting from unconstitutional action of chapels.

Bill of 4,000 great names in Lloyd's bout

John Moore finds a few pugilistic aspects to a sedate assembly

Roger Taylor

TAXIS, Daimlers, Bentleys, Rolls-Royces, coaches and sober-looking saloons disgorged the richest people in the land at the Royal Albert Hall yesterday morning.

The hoarding outside the hall in London's Kensington Gore proclaimed a future wrestling bout between "Big Daddy and his partner Steve Grey" and a duo called the "American Dream and the Big Baron."

But the combined wealth of yesterday's near-4,000 audience — worth an aggregate of about £400m — had their minds on even weightier matters.

They were the private members of Lloyd's of London, the insurance market, who had come to vote on Lloyd's planned reforming legislation, its first in 30 years and the first major change proposed in more than a century.

The private members include sportsmen, politicians, television personalities, musicians, landed gentry, and successful businessmen.

They usually have to show individual wealth of £100,000 before they are admitted to the City's most famous commercial club. They are personally liable to the full extent of their wealth for insurance losses which hit Lloyd's.

The meeting was run on club lines. No journalists were admitted and Lloyd's market officials were promenading the perimeters of the Albert Hall with walkie talkies linked to someone called "Control."

Outside, red-liveried gentlemen in black silk top hats — the waiters of Lloyd's — were showing people into the hall. Walter Bert Wigley is shown here escorting Lloyd's member Mr. Henry Cooper, the boxer. Inside, an organist was playing melodies from the Beatles' greatest hits and selections from Aida.

"It was a pleasant day out," said one member, "and the odd cheer greeted the organist." Mr. Peter Green, Lloyd's chairman, arrived on the platform, proposed a vote of thanks to the organist, and launched into the main business.

After a formal speech explaining the resolution and why reforms were necessary, Mr. Green took questions from the membership.

About 20 were fired from the floor—from a member of the Sasse syndicate, which faced £21.5m of losses, and one from a syndicate which forms part of the Christopher Moran Group. Lloyd's working members, who probably represented 1,500 of yesterday's meeting, had questions as well.

"Was the new council being elected by undemocratic election procedures?" with 3,000 or so members having the right to vote for 16 members while 15,000 members could only vote for six members, asked one.

But the most positive suggestion of the day, and one which is being taken seriously by Lloyd's, is the idea that the 15,000 or so members who do not work at Lloyd's but who provide the capital for it to function should be able to form an association representing their interests.

Members are growing restive and want more information about their affairs. They do not want to read about it in the Press first and be told by Lloyd's later: this was the message communicated by one disgruntled member.

On the controversial issue of whether brokers should remove their conflicts of interest by selling off their shareholdings in underwriting agency companies, arguments suggested that the Bill had gone far enough already.

A member of the Sasse syndicate reportedly asked whether the new council would have enough power to prevent future misdemeanours in the market. But recollections of the answer remain vague.

The members present granted approval of the Bill with the exception of a lone dissident. Everybody else, as one underwriter said, "did their duty."

Redundancy for 450 at Saunders Valve

By Robin Reeves

Saunders Valve, the second largest UK valve manufacturer, yesterday announced 450 redundancies at its three manufacturing centres. About 280 are at Cwmbran, South Wales, the company's main factory, 90 at its Hereford factory, and 80 at its Newport, Gwent, foundry.

The company blames a severe drop in UK valve sales, which reduced its order-book to 80 per cent of the predicted level. Although export sales are holding up better than expected, the company said exports to Europe had flattened out and the high level of the pound was squeezing severely margins in overseas markets.

The company makes valves for the chemical-processing, food and drink manufacturing and pharmaceutical industries.

Elsewhere in Wales, Revlon International, the cosmetics maker, announced the axing of 30 jobs at its Maesteg factory and a further 40 redundancies at its Port Talbot warehouse.

GKN closure

BLK Extrusions, a GKN subsidiary, is to close its aluminium-products factory at Bridgend, South Wales, with 76 redundancies. The company sees no improvement in demand for aluminium doors and windows. The factory has been on short-time since September.

Dyers shut down

CAWDAW DYERS are to close two dyeing works—S. Smethurst and Son, Bury, Lancs, and a Turnbull Dyers factory at Hawick, Borders—with the loss of about 230 jobs.

The company, a subsidiary of Cawdaw Industrial Holdings, said further deterioration in the textile trade contributed to the decision.

Unlisted securities

TEN COMPANIES have applied to the Stock Exchange to join the new Unlisted Securities Market, opening on Monday.

They are Air Call, Cluff Oil, Clyde Petroleum, Fuller Smith and Turner, Hesketh Motorcycles, London and Continental Advertising Holdings, McLaughlin and Harvey, Sean Data International, Sovereign Oil and Gas, and United Electronic Holdings.

All but Sean Data, a computer services group planning its début on the unlisted market, have traded without regulation under rules 163 (2) and 163 (3). They still have to get final permission from the Stock Exchange Quotations Department to transfer to the new market.

Adjournment granted

HEARING OF the petition for the compulsory winding-up of the UK business of Underwriters National Assurance Company was adjourned, pending a report by an independent actuary instructed by the Policy-holders' Protection Board.

Mr. Justice Slade, in the High Court on Monday, granted an adjournment until the New Year after hearing that a rescue scheme envisaged by the Board could only be promoted if the company was not in liquidation.

The petition was brough by the Department of Trade under Section 35 of the Companies Act. This enables the Secretary of State to petition "in the public interest." The company is in provisional liquidation.

£16m power loses

NEARLY £16m has been lost in power production since the nuclear power-station at Trawsfynydd, North Wales, was shut down in June after water leaked into the core of a reactor.

The plant is unlikely to restart generating for about five weeks, Mr. Ken White, station superintendent, said. The extent of the problem was outlined yesterday after a meeting of the station's liaison committee, comprising local councillors and representatives of police, fire service and other public bodies.

Shell, Esso and BP face price query

BY SUE CAMERON, CHEMICALS CORRESPONDENT

SHELL, Esso and British Petroleum are being called in to explain to Mr. David Howell, Energy Secretary, why heavy fuel oil prices are higher in the UK than on the Continent.

The three are expected to say that rising spot market prices will quickly wipe out the cost advantage enjoyed by Continental manufacturers during the summer.

The meetings come on the eve of the Confederation of British Industry conference where leading manufacturers will strongly attack the disproportionately high cost of UK energy.

Shell, Esso and BP are expected to defend their fuel oil prices on a number of grounds. They will say:

● The UK duty of £8 a tonne on heavy fuel oil is far higher than in almost every other European country;

● Many Continental manufacturers buy only part of their fuel oil requirements on fixed price contracts from the big oil companies. They often buy a substantial part of their fuel oil in the Rotterdam spot market. They can do this—particularly in Germany and Holland—because they have their own distribution networks.

● When spot market prices are low—as they were this summer—Continental manufacturers can obtain some of their fuel oil at bargain prices. But the system works against the Continental industrialist when spot market prices start rising, which is what they are doing now.

● UK manufacturers rely on the road tanker fleets of the major oil companies to have their fuel oil brought to their factories inland.

At present the oil industry has around 500 tankers—costing about £40,000 each—in the UK.

The oil companies say they bear the full cost of maintaining a fuel oil distribution network for British industry and this must be reflected in their prices.

The oil industry would cut its specialised tanker fleet and force UK companies to buy their own if British industry wanted to buy sizeable amounts of fuel oil on the Rotterdam spot market.

● These factors mean that over a period of time overall average UK prices and average Continental prices for heavy fuel oil are on a par.

The three oil companies may suggest to Mr. David Howell, that it would be better to shift the present £8 a tonne duty away from heavy fuel oil and on to petrol. They could argue that temporary distortions in fuel oil prices are grossly exaggerated by the heavy duty imposed in the UK.

Shell, Esso and BP are likely to tell Mr. Howell that if all the fuel duty were shifted onto petrol, prices would go up by only 3p a gallon at the pumps. Such an increase would still leave UK petrol prices much lower than those on the Continent.

Rate grants reprieve for 3 councils

By Lisa Wood

THREE OF the 14 local authorities which were to be penalised by the Government for overspending will not now have their grants reduced this year.

Two other local authorities, Sheffield and Newcastle-upon-Tyne, will probably also come to a satisfactory arrangement with the Government.

The three which have escaped punishment are the Conservative-controlled Hammersmith and Fulham council, and Labour-controlled Afan in Wales and Islington in London.

They were among 14 singled out by Mr. Michael Heseltine, Environment Secretary, because of "profligate" spending this year.

In September, Mr. Heseltine said they would lose a total of £18.42m in grants as a penalty for overspending and failing to make adequate attempts to meet Government targets.

This was in addition to £200m to be withheld from local authorities in England and Wales as a precaution against possible overspending in 1980/81.

The Department of the Environment said yesterday that figures for spending this year provided by council officials in Sheffield and Newcastle appeared to be in order.

But the Department will not confirm that the arrangements are satisfactory until they have been ratified by the respective councils' members.

Afan, Islington and Hammersmith had been "definitely cleared," the Department said.

Meanwhile, other local authorities on Mr. Heseltine's hit list are still examining the legality of the Government's action.

These include Tower Hamlets, Lambeth, Lewisham, Camden and Hackney.

Tower Hamlets said yesterday that it could offset the cuts from its rate support grant this year by using its balances.

"There is no threat in this borough of a supplementary rate being made this year," the council said.

● House improvement grants are being cut hardest in the most derelict parts of Britain, according to Shelter, the national campaign for the homeless.

The most severe reductions are in the North of England, where the cut is 19 per cent, and Wales, 18 per cent, according to preliminary results of a survey.

Other areas with high reductions are the South-West, 17 per cent, the West-Midlands and East Anglia, 16 per cent, and the South-East, 13 per cent.

More fliers

BRITISH AIRWAYS' Manchester to London shuttle service carried 486,000 passengers in its first year of operation. This was 80,000—or 21 per cent—up on the previous year when a conventional scheduled service operated.

September beer output rises 5.9%

By Our Consumer Affairs Correspondent

BEER PRODUCTION in September rose almost 6 per cent compared with the corresponding month last year. But output for the year is still down and the slump in beer sales has continued.

The September output figures, released yesterday by the Brewers' Society shows 3.438m bulk barrels were produced in September, a rise of 5.9 per cent. This brings production this year to 29.781m barrels, a fall of just over 3 per cent.

The society made clear, however, that the higher September production level was mainly to replenish stocks run down in the depressed summer months. Trade reports indicate that retail sales were down in September compared with the previous year and this trend continued in October.

The society says better weather in September helped prevent a more serious decline, and that two extra brewing days, compared with 1979, also helped production figures.

ICI staff challenge Revenue

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

TWO EMPLOYEES of Imperial Chemical Industries yesterday challenged in the High Court the Revenue's right to tax them on awards made to their children by an educational trust set up by the company.

The Revenue regards the provision of such an award as a taxable benefit of the employee.

It included in the £11,413 Schedule E assessment on Mr. James Wicks for the year 1978/79 an award of £600 to his son, a student at King's College, Cambridge.

An award of £460 to Christine Johnson, a medical student at Newcastle University, was included in a £10,168 Schedule E assessment on her father, Mr. Maurice Johnson.

The two men's appeals from the Special Tax Commissioners' confirmation of the assessments are being treated as a test case that will determine the Revenue's policy towards the large number of other ICI employees whose children have received or may receive in the future, similar awards.

ICI established the trust in January, 1977, with an initial fund of £15,000. Since then the fund has been increased by more than £3m.

Its purpose is to provide scholarships for fulltime further education, preferably at university, for the children of employees of ICI and certain of its subsidiaries.

The hearing continues today.

Rare score may fetch £40,000

By Antony Thorncroft

MUSICAL MANUSCRIPTS have been more keenly collected on the Continent than in the UK—perhaps because more great composers have been German and French—but now Sotheby's is building up its expertise in this area in London. On November 26 it is selling a great rarity—the autograph score of a major musical work, Cesar Franck's Symphonic Variations. The 90-page manuscript is expected to sell for over £40,000.

Musical fragments by Mozart and Beethoven can fetch very high prices but substantial manuscripts from such artists are unlikely to appear at auction. But this sale is interesting in offering the finest ever assembly of autograph music by Franck. It is being sent for sale by descendants and collectively should fetch more than £100,000. It includes newly discovered works and has remained largely unknown to the musical world.

SALEROOM

BY ANTONY THORNCROFT

AA plea over hotel standards

BY JAMES McDONALD

RISING PRICES and falling standards of service should not be tolerated in the British hotel and catering industry, it says in the 1981 AA Hotels and Restaurants in Britain Guide, published today.

"Poor value is often provided because management is greedy, incompetent, or both," says Mr. Ian Tyers, the AA's hotel and information services manager.

"Very often staff are not sufficiently well trained and supervised and find it difficult to differentiate between service and servility on too many occasions.

"That the industry is able to satisfy the majority of people much of the time is a tribute to the persevering efforts of the skilled hotelier and restaurateur. But even greater efforts and skills will be necessary as they find themselves in a buyers' market. Only those providing value for money will survive."

The guide says, however, that inspectors found a countrywide improvement in accommodation standards. This was reflected in the growing number of Red Star hotels—classified as the best of their kind.

● A call for greater public use of university and school facilities during vacations was made in London yesterday by Mr. Michael Montague, chairman of the English Tourist Board.

It is too early to discern a lasting downturn in airtime demand, writes Michael Thompson-Noel

ITV prosperity will be back after commercial break

THERE ARE some who foresee an arduous year ahead at Independent Television. Hit by a "dramatic drop in advertising revenue," the ITV companies are said to be planning economies that could remove £5m from programme budgets in the next three months.

For viewers—runs the script —this will mean more repeats, more cheap American soap, less home-produced drama and fewer documentaries. For the network: a questionable future for Channel Four, whose start-up and running costs are expected seriously to deplete network profits until the mid-1980s.

The cuts may be real, but the script is overblown. It is true that in recent weeks demand for advertising airtime has fallen off, and that television revenues are under some strain. But after its strike last autumn, ITV—over most of this year—has enjoyed near-record revenues, and there are signs that its current downturn in advertising, though sharp and unpleasant, will be nothing like as severe as the prophets of gloom suppose.

The trend will become clearer in two or th ree weeks, with publication of ITV's net revenue for October.

According to Mr. Harold Lind, one of Britain's top advertising forecasters: "If the figure for October is much under £50m, it will be taken as a sign that the slump has really hit telly. But at £50m-plus, it will be possible to say it is riding the downturn."

The picture is made hazy by last autumn's strike, which for 11 full weeks blanked out the commercials. But in the first half of this year, revenue boomed: £135m in the first quarter, a 50 per cent gain, and £138m in the second quarter (up 29 per cent).

Because of the strike, the best way to judge ITV's second-half performance in the current year is against that of 1978 (itself a very strong year for TV advertising).

On this basis, July and August, 1980, were difficult, and September much worse. ITV revenue in September was £38.6m — a gain of only 18 per cent on September, 1978.

For some, this was a positive sign that the downturn in advertising, which had already hit the Press, was similarly affecting TV.

But one month's revenue does not make a trend, particularly in a market as susceptible to technical interpretation as television airtime.

Hence the importance some commentators place in waiting for the figures for October, a much heavier month for television advertising than the preceding three. The net ITV revenue figure in October two years ago was £37.9m, so that a figure of £50m for October 1980 would mean a gain of 32 per cent.

There are some who believe it will prove as high as £53m (up 40 per cent on October 1978) and that the cash figure for November 1980 will be roughly the same (up 33.5 per cent).

Mr. Clive Leach, Trident Television's sales director, says the signs are that the October figure will exceed £50m. He says short-term demand is holding up and there are clear indications of big money being spent.

The outlook for next year is much less certain, but there is a strong view in advertising that current budget cuts on ITV have far more to do with escalating wage costs and the preparation of costly "franchise fodder" as the companies seek renewal of their licences, than with any downturn in advertising.

In addition, the companies know they will need all the funds at their disposal in the run-up to Channel Four.

Viewed more broadly, one of the keys to ITV's prosperity is its success in recent years in attracting newer forms of advertising.

Between 1975 and 1979 (when total net ITV revenue rose from £177m to £347m), the network's former reliance on packaged goods advertising was steadily reduced, so that the share of total revenue accounted for by 'consumables,' a category that includes packaged goods, fell from 62 per cent to 54 per cent.

Durables, in contrast, showed a gain from 16 per cent to 21 per cent, and there were other significant improvements over the five years in the financial, Government and services categories.

In addition, there is a feeling in some circles that advertising (particularly television advertising) is again in greater favour as a constructive form of corporate expenditure.

This stems from a belief that in the advertising slump of 1975-1976, manufacturers so debilitated their brand sales by panic raids on advertising that the subsequent cost of regaining lost ground far outweighed the cuts.

Evidence for this belief in advertising's new status is still subjective, but in Mr. Lind's view: "When that feeling penetrates as far as a company chairman, the pressure to slash advertising budgets in bad times is markedly reduced."

If television revenues hold up for the rest of this year, they will total about £531m, a remarkable performance when compared with the strike-depressed total of £347m last year and a gain of something like 46 per cent on 1978's extremely buoyant total.

Against a background like that, reports that ITV's programme researchers are being ordered to travel by bus instead of taxi begin to sound surreal.

Authority frowns on 'unmemorable' year of comedy

BY ARTHUR SANDLES

THE Independent Broadcasting Authority is critical of its network's light entertainment efforts for a year in which the proportion of sport on Independent Television was reduced appreciable, and the time given to plays and films rose.

The IBA's annual report, the last before the retirement of Lady Plowden as chairman and the last before the award of new television franchises, is cautiously worded. It says, however, that the 12 months to the end of March 1980 have "not been the most memorable year for comedy and light entertainment."

In praising Thames Television for providing "an excellent core of situation comedy," the authority goes on to suggest that even the success of the Thames shows was not due to innovation or social comment but "funny writing, good casting and highly polished production."

The report comments on the growth of quiz shows, and on their success on U.S. television. It says, however, that "it is some years now since Independent Television has generated a new quiz programme which consistently maintains a universal appeal."

The report reveals a drop in the amount of ITV time given to the arts and to information programmes for children. There were rises in the proportion of time given to plays and feature films. Sport showed a large drop from 10.5 per cent of TV hours to 8.25 per cent.

The increase in the amount of film time has brought problems in excluding "potentially harmful or offensive material," it says.

Independent Broadcasting Authority Annual Report and Accounts 1979-80. HMSO, £2.

Japan asked to share big telecom orders

BY GUY DE JONQUIERES

THE BRITISH Government is pressing Japan to give UK telecommunications equipment manufacturers a share of major orders won by Japanese companies in third countries, particularly in the developing world.

Britain hopes to reach a firm understanding with the Japanese Government in the next few months and has already invited a Japanese industry delegation to visit the UK next year to discuss possible purchases.

In exchange for the proposed arrangement, Britain would be prepared to open up its home market for telecommunications apparatus to Japanese exporters after the Post Office's telecommunications monopoly is relaxed.

But it is emphasised that Japanese companies would not be given full access to the British market until it was clear that they were genuinely fulfilling their side of the bargain by purchasing significant amounts of equipment from British suppliers.

When Sir Keith Joseph, the Industry Secretary, announced plans to relax the Post Office monopoly last July, he said that foreign companies would be allowed to export equipment to the UK only if their home markets were equally accessible to British telecommunications exports.

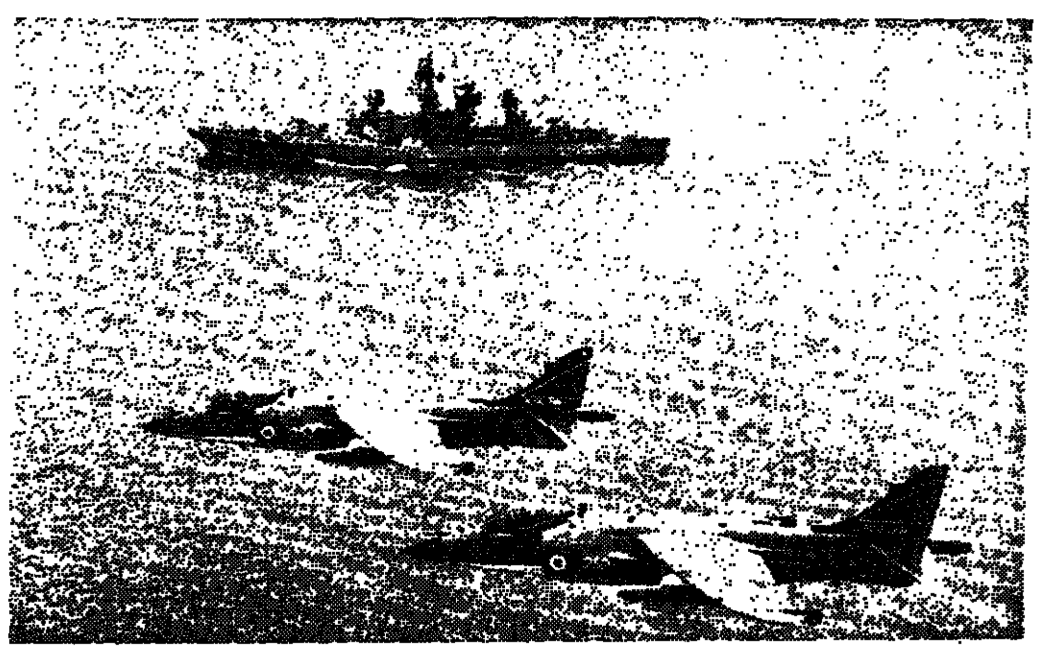
Legally, Japan's market is open because its national telephone authority does not exercise a monopoly over apparatus. Indeed, several British companies, notably Plessey and Standard Telephones and Cables, already sell to Japanese telecommunications manufacturers.

But the volume of these exports is small, less than £5m a year, and prospects for increasing them significantly in the face of fierce competition from Japan's own big telecommunications suppliers seem slim. Hence the proposal that Japanese companies should share orders won in third countries.

The risk that Britain will be immediately flooded by imports of Japanese equipment after the Post Office monopoly is relaxed seems small. Most of Japan's bigger manufacturers have said that they do not plan to export in quantity until they have built up sales and maintenance networks in Britain, which would take several years.

The task of implementing the reciprocal trade policy laid down by Sir Keith Joseph is proving more complex than first envisaged in several other ways. Several countries which do not have a domestic telecommunications monopoly, including the U.S. and France, have pointed out that in their cases the policy has no legal basis.

Britain's room for manoeuvre in dealing with non-EEC countries is also circumscribed by the fact that overall responsibility for external trade policy lies with the Community and the UK Government is not entitled to act alone.



Where East meets West. These V/STOL Sea Harriers from HMS Invincible, the first of the Royal Navy's new anti-submarine cruisers, are put through their paces in full view of a Soviet Kresta 2 cruiser in the Western Mediterranean. The photograph was taken from a third Harrier.

Treasury to reconsider Manx oil tax claim

By Anthony Moreton, Regional Affairs Editor

THE TREASURY has agreed to look further at the Isle of Man's claim that it is entitled to a share of the funds raised from petroleum revenue tax after a meeting in London recently between UK ministers and Manx politicians.

The Manx Government has been petitioning Whitehall for a number of years to get a share of petroleum revenue and basis its case on the wording of its position in the Continental Shelf Act.

During discussions in the 1960s about the rights to oil within the continental shelf the two governments agreed to avoid defining the shelf belonging to the Isle of Man, an issue that could have led to long and contentious litigation had it been pursued at law.

Instead they agreed that UK receipts from oil found in the continental shelf would be divided between the two countries in proportion to their resident populations.

At the time of the original agreement the only receipts coming form the North Sea were licensing fees and royalties and the Isle of Man has always received its share of these. This year's share will be about £700,000.

The Manx authorities accept that, according to the letter of the law, they cannot claim a share of petroleum revenue because this had not been introduced at the time of the agreement. Their contention is that the spirit of the agreement relates to the income from the oilfields.

If they were to receive a share of petroleum revenue tax based on their population they could expect another £2.5m a year in addition to their national income of just over £100m.

Environment Department apology over old cottages

BY ANDREW TAYLOR

A FULL and unreserved apology has been made by the Department of the Environment over its involvement in the demolition of 14 terraced cottages in a conservation area in Salisbury. The apology follows strong criticism by the Parliamentary Ombudsman.

A report by the Parliamentary Commissioner for Administration yesterday criticised the Department for failing to prevent the demolition of the cottages by the city council, despite repeated warnings and complaints from local residents.

The report said the Department had mistakenly told residents that the cottages were to be subject of a public inquiry and that further demolition could not take place without the Environment Secretary's consent.

Despite repeated assurances no public enquiry had been held. The remaining cottages were demolished without Ministerial approval.

Mr. Cecil Clothier, QC, Parliamentary ombudsman, said the "way in which the Department dealt at a number points with the legitimate anxieties" expressed by residents must be criticised with great severity.

He found "nine separate examples of maladministration in the Department's handling of the case. The report criticised the Department's "initial confusion and lack of frankness about whether there would be a public enquiry."

Mr. Clothier was critical about statements made in 1977 by a then Parliamentary Under Secretary for Environment that the city council had in demolishing the cottages "met all the statutory requirements."

The report also criticises officials for holding out the hope that Ministerial approval would be needed before further demolition could take place "although by then it had been agreed that such consent would in fact not be required."

Mr. Clothier said because of the Department's handling of the affair "any opportunity residents might have had to make representations against the demolition by way of a public enquiry had been lost for ever."

The report said that the cottages had "formed part of the setting of a 17th century merchant's house which, as a Grade II listed building of special architectural or historical interest, had been the subject of a substantial Exchequer grant."

The report criticised the delay by Department officials in seeking information from Salisbury City Council and the "frequent failures to reply with reasonable speed and adequacy to the points which the complainant made in her various letters."

Mr. Clothier said the Department had made a full and unreserved apology over its handling of the affair.

Ninth Report by the Parliamentary Commissioner for Administration SO. Price £4.20.

Record British sales by Mint

By Tim Dickson

THE Royal Mint had a "remarkable" year for new business in the 12 months to March, 1980, but overseas sales were down on 1978-79.

According to the 1980 annual report published today, total sales were more than £70m (£68m the previous year) including £42m (£48m) to overseas customers.

"United Kingdom sales of £28.3m were substantially higher than in previous years due to the exceptional demand for UK standard coins and the sale of proof sovereigns," the Mint says.

The 1979-80 trading results complete the Mint's first five years of operation under the Government Trading Funds Act of 1973, which requires it to conduct its affairs in a manner similar to a private company.

Dr. Jeremy Gerhard, the Mint's deputy master and chief executive, writes that sales over the period amounted to £278m of which two-thirds were exports to some 80 countries.

"With profits on the UK circulating coinage strictly controlled, as is proper to monopoly business, the overall earnings of the Royal Mint, amounting to some £28m or an average return of 26 per cent on funds employed, has had to be substantially achieved in open markets."

Dr. Gerhard warns that due to the strength of sterling and increased competition, the Royal Mint faces a difficult period overseas. But he adds: "Our firm intention is to sustain our market share by keen pricing and further increases in productivity."

In the report the Mint apologises for underestimating demand in 1979 when a limited issue of 50,000 proof sovereigns was sold.

'Replace student grants by loans'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

GRANTS FOR students should be largely replaced next year by repayable loans, preferably advanced by commercial banks, said the Federation of Conservative Students in a policy document published yesterday.

The federation urged the Government, which studied student-loan schemes operated by most other industrialised countries, to "push ahead as soon as possible" with the change.

This should include an increase from £385 to £500 a year in the basic minimum grant. The £500 should be guaranteed not only to degree-level students who currently receive their grant automatically, but also to students whose grants depend on the discretion of their local authority.

To enable students to cover their extra costs while studying, the Government should try to arrange for private lending institutions to offer loans and devise their own schemes for repayment.

If this proved impracticable, however, the Government could guarantee the loans as is done in the U.S., and set up a centrally organised repayment system like the one proposed in Canada.

The Canadian plan provides for a repayment period of eight years after the borrower ceases to be a full-time student, with repayments paid as extra income tax. It is estimated that students would be able to repay on average about 60 per cent of the money borrowed.

The federation said loans would end the arrangement whereby taxpayers who are mostly working-class have to "finance largely middle-class students to enjoy higher education and then proceed to earn an income on average 65 per cent higher than the national average."

But the students' obligation to repay should be made conditional on their having an adequate income.

Backdating of tax law clarified

BY JAMES McDONALD

MR. PETER REES, Minister of State at the Treasury, has clarified Government procedure in the rare circumstances under which it would consider retrospective legislation against tax avoidance.

He said a Ministerial statement in the House of Commons would be accompanied or followed by a consultative draft clause. The new provisions would be introduced in the next Finance Act and would have retrospective effect only to the date of the Ministerial statement.

In an interview with the editor of Tolley's Practical Tax, published today, he said similar Ministerial statements in the past might not have been sufficiently precise to give taxpayers and their advisers an accurate indication of what the new law was to be. It was hoped that a consultative draft clause would remedy this.

Mr. Rees also pointed out that the Government had no political commitment to abolish Capital Gains Tax and no plans to do so. The Government considered there was a theoretical basis for the tax, if only to avoid a return to the position before 1965 when much valuable professional effort was spent in attempting to convert income into capital gains.

Some form of index-linking would clearly be desirable, so that tax is not charged on paper gains brought about solely by inflation, but Mr. Rees said the practical difficulties were great.

Capital Transfer Tax was regarded by the Government as too onerous and in "crying need" of attention. The original legislation, introduced by the previous Government, required technical amendment. But abolition of the tax was not yet part of Government policy.

The Minister said that, considering the extensive exemptions from VAT and zero rating, the burden—even at 15 per cent—was low by European standards and cuts in direct taxation were a much higher priority.

BL makes its money plans carefully in wake of losses

Kenneth Gooding looks at Sir Michael Edwardes' problems

A CLEARER picture is emerging of what BL has included in the 1981 corporate plan being considered by Sir Keith Joseph, the Industry Secretary, probably a worried frown.

The BL management has given details of the group's financial position to various union officials in the negotiations on pay. Some of these details are leaking out, as might be expected when so many more people become privy to a "secret."

It is known that BL's net loss for 1980 will be about £400m. If all goes to plan this will be significantly reduced in 1981.

Cash outflow from BL Cars, biggest "cash-user" in the group, will be about £4//m this year and higher in 1981.

So one can judge that BL will need about £1bn more working capital from the Government for 1981 and 1982 because Leyland Vehilcles, the bus, truck and agricultural tractors subsidiary, will require cash.

The BL Board would prefer most of the new money to be by way of fresh share capital. BL would not be expected to pay dividends on the share capital for some time, whereas new loans would involve payment of regular interest almost from the outset.

All this provides amunition for those who consider BL something like a cuckoo growing bigger the more you feed it, and therefore demands even more food.

Since the financial collapse of the group in 1975 losses, including extraordinary losses and the half-year net loss of £188m for 1980, have totalled £400m.

Public investment in BL in the five years was £1.321bn, including £264m spent on the group in 1975, before the £1bn Ryder plan was put into operation, and £300m for 1980.

Sir Michael Edwardes, the chairman, says that in real terms BL's cash needs have not changed much since that plan was agreed. But assumptions made, and agreed with the Government, proved well off beam.

For example, the 1980 corporate plan was drawn up at a time when it was certainly not envisaged that interest rates would remain so high for so long, or that sterling would be so overvalued as a trading currency.

BL's latest estimates show that the extra burden of interest charges this year compared with 1979 on a like-with-like basis will be £20m.

The sterling-dollar relationship will cost £80m extra this year. The unions have been told, for example, that every car sold in the U.S. costs BL Cars £1,000.

Sir Michael and his board have concentrated this year on keeping within the cash limits fixed by the Government, doing everything possible to prevent BL's going back to ask for more than the £300m promised for 1980.

Presenting the half-year statement, Sir Michael said: "Our priority this year has been to manage cash as tightly as possible even where this has prejudiced our profit-and-loss account."

This involved getting car stocks down from a peak 130,000 to the present level of 80,000 by the major promotional campaigns early this year, when cars must have been sold at very slim margins, if any profit was made.

BL Cars has also lost sales because it cut stocks right back.

BL speeded its streamlining operation because of the more difficult economic climate. By the New Year some 30,000 jobs will have gone against 25,000 first forecast.

In first-half 1980 "manpower reductions" cost £17m and "closures and transfers" £23m, mainly because of transfer of Rover saloon bodywork from Castle Bromwich to Cowley and of Triumph TR7 from Canley to Solihul.

Sir Michael also concentrated on keeping the product development and capital expenditure programmes on course.

His broad strategy involves getting down fixed costs via the streamlining operation while pushing up car output as new and more attractive products come on stream. He expects the two lines to cross in about 1983-84, at which stage he hopes BL will be back in the black.

This can be achieved only if BL gets the funds it requires. Those funds must come mainly from the Government.

BL has borrowed from outside sources and will continue to.

If Sir Keith Joseph insisted, it could sell off some periphery businesses.

BL's new product programme

Bounty (made with Honda)	Approx. cost £m*
1981	
launched	42
"Facelifted" Land Rover	5-10
1982	
"Facelifted" hatchback Princess	10-15
1983	
LC10, a medium-sized hatchback	100
New Jaguar engine	20
1984	
AM2, LC10 booted version	
AM2 luxury version	100
Jaguar saloon code named XJ40	70

* FT estimates.

Landslide victory for Duffy

BY PHILIP BASSETT, LABOUR STAFF

LEADING trade union right-winger Mr. Terry Duffy scored a spectacular personal victory yesterday when he was re-elected outright in the first ballot for the presidency of the Amalgamated Union of Engineering Workers.

Mr. Duffy's succes which follows the signing last week by the AUEW and other unions of a single-figure national level pay deal for the engineering industry, is likely to be warmly welcomed by Ministers.

The result will be seen in Whitehall as support for the Government's belief that postal balloting in trade union elections should be increased. Further, it is likely to be viewed as an indication that despite the present harsh economic conditions, trade union members are not turning to the Left for leadership.

Mr. Duffy's result will strengthen the hand of the already dominant Right-wing of the AUEW, even though the results of other elections in the union declared yesterday were more mixed.

It means Mr. Duffy, who succeeded to the post two years ago following the retirement of Lord Scanlon, will hold the presidential office until his retirement at 65 in 7½ years' time.

Mr. Duffy said he was "elated." He felt the result was a "complete vindication" of the decisions he and the union's seven-man Right-wing executive had taken in the past two years.

Some of the union's decisions, such as its refusal to support strike action over BL's sacking of Mr. Derek Robinson, then convener at its Longbridge plant, have been seen as contentious,

Victory in the first ballot for almost any contested post in the AUEW, let alone the presidency, is rare.

In a low 24.7 per cent poll, Mr. Duffy secured 126,135 votes, or 54 per cent of the votes cast, giving him a majority of 19,257 votes over the rest of the candidates combined.

His main rival, Mr. Bob Wright, the union's Left-wing assistant general secretary, won only 58,826 votes, or 25 per cent of those cast. Mr. Duffy's majority over Mr. Wright was therefore 67,309.

In the other results, Left-wingers managed to retain the local seats they were defending, but the dominant Right-wing held on to the East Midlands executive council seat of Mr. E. D. Scrivens, and secured three out of the four influential national organiser posts up for election.

Key results were: four national organiser posts — J. Byrne, 137,510, re-elected, C. Vincent, 86,354; E. Gordon, 52,843 and J. Laffy, 43,304, to a second ballot — presnet holder, W. Pritchard, defeated, 41,447; R. Peacock, 37,012 and D. Graham, 32,652, to a second ballot; H. Hewitt-Dutton, 124,095, elected, M. Sullivan, 97,353.

N.E. Coast divisional office: H. Wilkinson, 15,787, elected, J. Murray, 12,610; West Scotland 2nd acting divisional organiser (new post), J. Carty, Linwood convenor, 5,218, elected, W. Tynan, 4,699.

Unions demand assurances on air defence orders

BY OUR LABOUR EDITOR

UNION LEADERS demanded Government assurances yesterday that British Aerospace would be given orders for replacement defence aircraft, in particular the Jetstream 31 and the Harrier jump-jet Mark V, despite the "stringent discipline" which is to follow the moratorium on defence contracts.

They fear that the orders will go to the U.S. by default.

But the unions emerged from a meeting with Lord Strathcona, Minister of State for Defence, apparently disappointed that no pledges were given.

A delegation from the Confederation of Shipbuilding and Engineering Unions was led by Mr. Ken Gill, general secretary of TASS, the white-collar section of the Amalgamated Union of Engineering Workers.

Mr. Gill afterwards accused the Government of "utter hypocrisy." Cabinet Ministers were constantly exhorting people to buy British, but the Ministry and the RAF were dragging their feet.

"On the pretext of restricting the State's role in industry, it denationalises and refuses aid to firms in difficulty. And then with a misguided purchasing policy it puts the boot into successful ones like British Aerospace."

Lynton McLain writes: British Aerospace was not about to "shelve" the Jetstream 31 project, the corporation said last night.

Ford discipline meeting cancelled

BY NICK GARNETT, LABOUR STAFF

FORD UNIONS have withdrawn their offer to hold a national level meeting, scheduled for next Monday, on production disruptions and discipline. The move follows management's decision to issue letters this week to all employees on the introduction of new disciplinary measures.

Mr. Ron Todd, Transport and General Workers' Union national organiser and chairman of the trade union side of Ford's national joint negotiating committee, said the unions asked the company to delay issuing the letters in the light of the meeting. The company refused.

As the management was pressing ahead on its own, it was pointless to hold the meeting, he said.

Ford is to introduce new disciplinary measures in the middle of this month. They are designed to help rectify what the company says is an accelerating incidence of unofficial stoppages.

Workers who refuse to carry out their jobs normally in defiance of procedures are now liable to be sent home for the remainder of their shift. Under the new measures they will be suspended for a further day.

The company will maintain its policy of asking other workers to do the jobs of those who have been sent home for not working normally. The management will also be more willing to lay off workers whose operations have been affected by a dispute.

The measures have been designed largely to meet problems at the Halewood plant on Merseyside, but they will be introduced at the company's other plants.

The company told the unions it felt it necessary to inform the workforce this week about the measures.

Scargill pay warning to Government

MR. ARTHUR SCARGILL, Yorkshire miners' leader, warned yesterday that he saw the Government rather than the National Coal Board as the paymaster in any confrontation over miners' wages in the winter pay round.

In the latest issue of the Yorkshire Miner, published by the area's National Union of Mineworkers, Mr. Scargill made clear his belief that miners were "firmly in the Government's sights" following the fight early this year with the steelworkers.

This was what was behind the Coal Board's statement that only £86m was available to meet the miners' pay claim. "The Government, pulling the strings in the background, now feel confident enough to take us on by offering a pay rise insult," Mr. Scargill said.

They were doing it by deliberately putting the Coal Board in "a financial vice" saying that the NCB must break even by 1982.

The Government had asked its policy research staff "to dream up new ways of clamping down" on miners' pay as part of its plan to stop the public sector from increasing prices.

"It makes clear the people we are really negotiating with for our wage increase are Thatcher, Joseph and Co., descendants of the old crew who still harbour revenge in their hearts for 1972 and 1974," Mr. Scargill said.

Esso splits offer on pay and productivity

ESSO yesterday separated its basic pay offer of 14.1 per cent to tanker drivers and depot workers from the productivity related increases which it had also offered.

The workforce had rejected the linked basic pay and productivity offer in a 10 to 1 ballot vote.

Transport and General Workers' Union negotitors told the company yesterday they still could not recommend acceptance of the offer.

Prison talks fail

LEADERS of the Prison Officers' Association said industrial action would continue in Britain's prisons. Talks with Home Office officials yesterday failed to produce a solution to the dispute over meal-break payments.

Mr. Peter Rushworth, deputy general secretary of the association, said it had agreed to further talks tomorrow, but he held out little hope of progress.

No mandate

THE PROSPECT of a pay settlement for 180,000 workers in the clothing industry has been put in doubt following the failure of the British Clothing Industry Association to get a mandate from its member companies on the offer.

Union negotiators were prepared to accept a rise of 9.5 per cent on basic rates, together with an extra one day's holiday and a working party to study the working year. The association made the offer on the understanding that had to be ratified by meber companies.

Settlement 'close'

MR. SIMON GOURLAY, leader of the farmers' negotiating team in farmworkers' pay talks with the Agricultural Wages Board, said yesterday a wages settlement was "very close" when talks were adjourned on Monday night after union rejection of an 11 per cent offer.

One-day strike

ABOUT 400 staff at the Public Record Office in Chancery Lane, London, are staging a one-day strike today in protest at the Government's decision to close the reprographic unit by Christmas with the loss of 17 jobs.

TUC support expected for plans to mobilise jobless

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE TUC is likely to support a regional network of cenres to help the unemployed and mobilise them in support of TUC policies.

Delegates to yesterday's TUC consultative conference on "services for the unemployed," who included several senior trade union officials, stressed a third reason for the project: to stop out-of-work young people being attracted to extremist organisations of the far Right.

Although no vote was taken, delegates favoured developing local centres which would probably rely largely on trades councils and existing community and local authority facilities.

Mr. Larry Smith, the executive officer of the Transport and General Workers Union, put his union's massive weight behind this suggestion when he called on the TUC to support the establishment of "jobs action centres" to provide advice and support.

"A jobs action centre would provide a meeting place and a base for mobilisation. Only by bringing them together can we get mass action to resist closures and to campaign for improved benefits," he said.

These centres would require staff, and would entail an extra financial commitment from the TUC's affiliated unions.

Another delegate, Mr. Stewart Hill of the TUC's Northern Council, said 100 centres would cost at least £1m a year.

Much of the drive towards organising the unemployed has come from Mr. Clive Jenkins, the general secretary of the Association of Scientific, Technical and Managerial Staffs. But Mr. Jenkins' plan for the out-of-work, the disabled and pensioners to become individual members of the TUC attracted little support.

Mr. Jenkins warned that there would be a "massacre" of medium-sized companies in the next year because of a collapse in profits. There would be cuts in unemployment pay and in other social security benefits in real terms.

TUC general secretary, Mr. Len Murray said the conference had "emphasised the crucial importance of doing things with the unemployed, and not just doing things for the unemployed." It was important to give them the sense of being wanted, and any plan adopted would mean commitment, money and time.

A number of speakers said finance for the centres should come from the trade unions as well as local fund raising. Others suggested a permanent committee, made up of full time union officials seconded from their normal duties, to co-ordinate the TUC's efforts.

Mr. George Wright, general secretary of the Wales TUC, said South Wales had been unable to stem mass redundancies by peaceful protest.

He warned that if the two large steelworks of Llanwern and Port Talbot closed there would be "the most massive campaign of civil and community disobedience we have ever seen."

Seamen reject 9% wage offer despite shipowners' warning

BY PAULINE CLARK, LABOUR STAFF

UNION leaders of Britain's 40,000 seamen yesterday rejected a 9 per cent pay offer despite shipowners' warnings that ships cannot be run indefinitel yat a loss and that they must remain competitive with foreign ships to survive.

The warning by employers' representatives in the General Council of British Shipping was also intended to dissuade the National Union of Seamen from carrying out its threat to extend industrial action in the dispute over flags of convenience.

The executive of the union met yesterday to consider the effects of its one-day national strike on Monday. It halted cross-Channel ferry services and kept British cargo ships in ports throughout the country for 24 hours. But the executive put off making a decision on whether to call for further action by British seamen.

Mr. Jim Slater, general secretary of the NUS, said after yesterday's pay talks that the dispute was no longer confined to the row over Cunard's moves to use flags of convenience but had become international.

He said the union was seeking early talks with the International Transport Workers Federation on a strategy for international action by seamen against flags of convenience. The problem would be debated in a resolution to be put to the European Parliament at Strasbourg in two weeks' time by European affiliates.

The next action, he said, would be on a "far broader international basis"

In Britain the union is seeking dockers' support to ensure that any further action by seamen is more effective. Mr. Slater believed dockers could be involved without losing earnings.

Mr. Slater said despite reports from Cunard of a split among NUS crewmen aboard the QE2 over industrial action, support for the union was solid. The 800 crewmen have been instructed by the union not to allow the QE2 to sail out of Southampton this weekend after its return from Nw York.

Mr. Roderick Macleod, chairman of the industrial relations policy committee of the general council, said he had protested to t he union about the action taken against ships which were not involved in the Cunard dispute.

But he said it was "very easy to see a situation where a shipowner must choose between operating more cheaply or selling its ships, and if this is the position with Cunard, I sympathise with them."

Both sides agreed to reconvene negotiations on a wage rise for seamen next week. The council argued that its present wage bill of £500m followed pay rises which were much higher than those granted by European and Japanese shipowners over the past three years.

Seamen have asked for a substantial rise in basic wages plus consolidation of efficiency payments and higher overtime pay.

UK NEWS – POLITICS

Inside the Labour Party—an MP under threat

Silent conservatives subvert Sandelson

BY ROBIN PAULEY

MR. NEVILLE SANDELSON, *Labour MP for the London constituency* of Hillingdon, Hayes and Harlington, insists he has the support of most of the 56,000 electorate and certainly most of *the* 20,000 Labour voters who returned him with a 3,300 majority at the last election.

But if a vote had been held at *last Wednesday's monthly* meeting of the constituency's general management committee, on whether he *should continue* as MP, he would have received one solitary vote from among the 43 members there. At a fully-attended meeting of all 73 GMC members he might receive six or seven.

Mr. Sandelson says this indicates the unrepresentative *nature* of the committee which, he says, has been "captured by a Leftist clique." The clique had "corruptly gained a majority on the committee," *some of whose members "have* no right to be in a democratic Labour Party."

But proving such allegations turns out to be more difficult. The deep and serious divisions within Hayes Labour Party are *complex. They go back to* before Mr. Sandelson's election *in 1971* following the death of Mr. Arthur Skeffington.

Hayes and Harlington is a predominantly working-class constituency, squashed between *Heathrow Airport and the* A40. It is a relatively prosperous area and although *the* recession is starting to bite into the traditional industries the unemployment rate of about 3 per cent is still one of the lowest in the *country*.

But the employment base is under definite threat. *The factories* of EMI, T. Walls and Sons, Fairey and Nestle are closing, moving or cutting back.

The large industrial work*force*, a large *proportion* descended from substantial Irish and Welsh groups *which* moved to the prosperity of the area before and after the Second World War, is increasingly looking for work in the more poorly-paid *replacements—warehousing*, hotels and small trading estates.

On the site of Fairey Aviation, which once employed 300 to 400 people, stands a Mercedes Benz warehouse employing per*haps 20*. More and more of the available jobs depend directly *or indirectly on the airport*.

The working-class population which dominates the constituency has traditionally been politically inactive, even apathetic, but has usually voted Labour while being distinctly conservative.

There is a high incidence of *church-attendance* — especially among the Roman Catholics, who comprise perhaps a third of the population and there is a high level of home-ownership. The black population, 4,000, fits equally well into the moderate Labour profile.

Hayes and Harlington might be thought to be just the area in *which to find* Labour supporters who back Mr. Sandelson's Manifesto Group views *and even his* declared intention to vote with the Tories on defence issues.

But if indeed it is, they are staying silent and well-hidden *even though this means the MP's* career in the constituency is *dead. Why?*

First, the charge that the moderates have been swamped and intimidated by the Left is not borne out. As in so many constituencies the centre-ground supporters are not sufficiently *motivated to participate*.

In recent years they have become noticeably *less active* while the Left, from the Tribunites right through to the Trotskyist Militant Tendency, has become more energetic, is *prepared to attend long meetings*, to speak, and to stay to the bitter end to make sure of a vote.

The Left in Hayes is much further Left than 10 years ago and it holds *many official positions in the constituency*. But there is no evidence that it has *achieved that by corrupt or subversive* tactics.

The acting chairman of the constituency Labour Party general management committee is Mr. Chris Rogers, a 28-year-*old assistant* in the airport's air-traffic control centre. He is a supporter of Militant Tendency and a seller—*the* euphemism for member—of the Militant newspaper.

The committee is not packed with extremists. Its size has in*creased from about* 60 a year ago to 72. The local party mem*bership has increased from* 600 to 900 in two years. Militant supporters appear to account for about a quarter of the committee—certainly the most *active*, *vocal* and *strident*, almost hectoring, quarter—with other shades of the Left making up another quarter or more.

The moderates are less tied philosophically and often vote with the Left. Those that could *be firmly identified with the* Williams-Rogers-Owen camp number about five.

The committee members are predominantly working-class trade unionists, with one university lecturer and one TUC *bureaucrat. They include about* 20 women. Nearly all the mem*bers have lived and worked* in Hayes and Harlington for a long time. There is no evidence of incomers (entrists or infiltrators).

Mr. Rogers denies there has *been a Left-wing coup on* the committee but agrees that the *Left* has become more influential since the party dropped the list of organisations whose members were proscribed from Labour Party membership in 1973. Since then, Marxists, Trotskiists *and members of other minority* Left groups have moved into the party and are identifiable on the committee.

The militant wing is also clearly more organised than it cares to admit. It sells Militant newspaper after party meetings, collects for the "fighting *fund*," distributes leaflets, and canvasses the area. It invites only speakers of similar persuasion to visit the constituency and maintains careful, discreet *but very extensive contact with* other Militant Tendency people *in other constituencies*.

Militant members are also working towards a long-term goal of a Socialist-planned economy, extensive nationalisation and massive *centralisation* although with as "much power as is practical delegated to the workers in the unions on the shop-floor."

In this they seem to be hopelessly out of step with the wishes of the traditional Labour voters in the area. Random interviews in the constituency brought descriptions of the Left and its activities ranging from "lunatic fringe" through "mad misfits" to "dangerous." *But not one* person with such views was prepared to join the party and attend meetings.

This is why the Left can maintain a disproportionate representation on the committee without needing to resort to *undemocratic* methods. This then puts it in a position to influence the *agenda and* the tenor of the ensuing debate. But no meeting is closed *to* people of opposing views—they just fail to turn up.

"This is not my battle or Hayes'. It is everyone's. In June *one member of the GMC told me* I should be working for a one-party Socialist State because there was no room for a second party in this country. That is *not* what I have been in the Labour Party 40 years for. *It is the view of the lunatics* and not the people of Hayes." Mr. Sandelson says.

But the fact remains that of all the people of Hayes only one was around on Wednesday to back Mr. Sandelson's line at the *committee*.

It is that level of inactivity which, more than anything, has helped to change the complexion of the Labour Party in Hayes over the past decade and which will see Mr. Sandelson out of *Parliament*.

His supporters, assuming they exist, could win every vote in Hayes and Harlington if they really wanted to by activating *themselves* and taking a mere 35 to 40 seats on the committee. *It cannot be an indictment of* the Left if those supporters do not care to do it.

Management structure

THE management of constituency Labour Parties is *entrusted to general* committees of delegates who must be individual members of the *party*.

Up to four different categories of delegates are sent to the GMC: affiliated organisations (including trade unions and co-ops, and others which the national executive committee of the party recognises), branches of individual members *plus their* secretaries, women's sections, and Young Socialist branches.

Labour clubs may also affiliate.

The number of delegates for each section *is* determined by the size of the affiliated group, but is subject *to scrutiny by the regional* Labour Party. The GMC elects an executive committee and a chairman, two vice-chairmen, a treasurer and a secretary. Two auditors are also elected.

***The ratio of delegates to* members differs from place to place, *as does the size of the* GMC. There can be up to 200 delegates in all.**

Hugh Routledge

NEVILLE SANDELSON: ***"This is not my battle or* Hayes'. It is everyone's. In June one member of the *general management committee* told me I should be working for a one-party Socialist State because there was no room for a second party in this country. That is not what *I have been in the Labour* Party for 40 years for. It is the view of the lunatics and *not the people of Hayes."***

UK NEWS—PARLIAMENT and POLITICS

BL strike 'would be a tragedy'

BY IVOR OWEN

A STRIKE by BL workers would be "a tragedy," the Prime Minister told the Commons yesterday, but she declined to be drawn on into commenting on the likely effect of industrial action on the Government's attitude to the provision of further public funds for the company.

In the course of Question Time exchanges, Mrs. Thatcher again emphasised the importance of restraining the level of public sector pay settlements. She gave a broad hint to local authority leaders not to concede the full 18.8 per cent increase being sought by Britain's 35,000 firemen.

Mrs. Thatcher dismissed the suggestion by Mr. Michael Foot, the deputy leader of the Opposition, that the "rapidly intensifying economic crisis" might require an emergency Budget next month.

But she was more cautious when Mr. John Watson (C. Skipton) urged that a tax on the windfall profits made by the major clearing banks could make a contribution towards reducing the Public Sector Borrowing Requirement.

The Prime Minister was content to rely on an assurance that Sir Geoffrey Howe, the Chancellor of the Exchequer, would be considering all methods of getting the PSBR down.

Mr. James Pawsey (C., Rugby) asked her to indicate what effect a strike by BL workers would have on the Government's attitude to the provision of more public funds for the company.

Mrs. Thatcher emphasised that since BL became part of the public sector, the British taxpayer had already provided £1bn to enable the company to get on its feet again.

She also confirmed that all but £25m of the £300m authorised for the company last December by Sir Keith Joseph, the Industry Secretary, had already been drawn.

To cheers, the Prime Minister declared: "I think it will be a tragedy if a strike by BL takes place—a tragedy for those who work there, a tragedy for the company, and a tragedy for Britain."

She predicted that if there were a strike, people overseas would say "there—Britain gets a super car and just as she does Britain goes on strike."

But, as when first questioned about the possibility of a strike last week, the Prime Minister insisted that Sir Michael Edwardes and the BL board should be left to handle any negotiations.

In a reference to the further consideration given by the Cabinet earlier in the day to cutting back public expenditure programmes, Mrs. Thatcher again emphasised that the objective was to contain the totals for next year within the figures already published by the Government.

Mildly reproving Mr. Foot for his suggestion that the numerous Cabinet sessions earmarked for this purpose pointed to a rapidly intensifying economic crisis, she reminded him that reviews of public expenditure were customarily undertaken by all Governments at this time of year.

"These things do take quite a time," she said.

The significance of the firemen's pay claim was underlined by Mr. John Townend, (C., Bridlington) who argued that if a settlement approaching 19 per cent were to be authorised, the Government's policy of limiting public sector pay increases to single figures would be undermined.

He maintained that as the Government had abolished the Clegg Comparability Commission and suspended the Civil Service Pay Research Unit, it was now incumbent on the local authorities to act to stop a comparability increase for the firemen.

Mrs. Thatcher replied that the Government had no standing in the negotiations between the local authorities and the fire men.

But she hoped that the local authorities would have "due and proper regard for the sacrifices that have to be made now by the private sector."

The Prime Minister was again adamant that a reduction in public expenditure and public borrowing was a prerequisite for a fall in interest rates.

And she pointed out that interest rates would now be even higher but for "a certain amount of funding" to keep them where they were.

Concern on cash boost for Euro Parliament

By David Marsh

THE SIZE of the EEC budget allocation for the European Parliament next year was "a cause for concern," Mr. Nigel Lawson, Financial Secretary to the Treasury, said yesterday.

Answering questions at a Commons hearing of the Select Committee on European legislation, Mr. Lawson said the size of the Parliamentary budget increases had been "very considerable." He had already expressed concern to other Ministers on the EEC budget council and he believed that some British MEPs had also made the same point.

According to the Community's draft budget for next year, spending on the Parliament will rise to about £125m from roughly £110m this year. Sir Ronald Bell (C., Beaconsfield) said the cost compared with about £17m for the equivalent sum spent on the House of Commons, and worked out at about £330,000 per member per year—for an assembly that had "no power and very little utility."

Mr. Lawson said that under a gentleman's agreement between the Parliaments and the EEC Commission, neither body challenged each others accounts. Parliament was meant to scrutinise its own budget and some MEPs believed in this.

The Parliament is the only EEC body for which 1981 spending alocations were not reduced compared with the preliminary draft budgets first drawn up. Mr. Lawson said he could "-conceive of a time where if the agreement is abused it could go to an end."

Mr. Lawson agreed with Mr. Tam Dalyell (Lab., West Lothian) that a prime reason for the high cost of the parliament was its necessity to move around Europe among its three seats.

Mr. Denis Healey arriving at the Commons yesterday before the first ballot on the Labour party leadership. Mr. Healey gained 112 votes and faces a knife-edged contest with Mr. Michael Foot who polled 83 votes.

Support grows for one member, one vote in Labour leadership

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

AS LABOUR MPs waited for the result of the first ballot under the existing rules for electing the party leader, it was clear yesterday that support was growing—both in the Shadow Cabinet and the Parliamentary Labour Party—for the idea of widening the electoral franchise to include all the paid-up party members.

At a meeting of the PLP yesterday, there was no obvious consensus about precisely how to implement the conference decision to widen the franchise. But it was clear that MPs are not prepared to go along with some new variation on the electoral college, proposed by the national executive committee, without protest.

A number of different motions were moved at yesterday's meeting, but no votes were taken. The debate suggested, however, that the idea of giving all party members a say in the proceedings could have considerable support in the Parliamentary Party. It was acknowledged, however, that the trade unions—whose block votes would ultimately decide the outcome of the special January party conference on the leadership issue—might not be particularly keen on the idea, as, unlike the electoral college, there would be no role for them in it.

The Shadow Cabinet is to meet again tonight to decide its position on the subject. Yesterday, some members of the shadow Cabinet were claiming that there was a majority for the idea of "one member, one vote."

The question was whether the Shadow Cabinet would decide to go for this single solution, or whether they would leave their options open in the hope of finding some idea which would be satisfactory to both the unions and the Parliamentary party.

One possible compromise might be incorporating the idea of giving all party members a vote into the existing framework of the electoral college. At yesterday's meeting of the PLP, Mr. Eric Heffer, a member of the executive, said it might be possible for constituencies to ballot their members' views on the subject.

It was clear from the meeting that Labour MPs are feeling increasingly antagonistic towards the executive. Mr. Heffer was barracked during his speech. In reply he said that "the sneering attitude of some of his colleagues would be noted."

Nevertheless, he emphasised that the NEC was not trying to be dogmatic. But while he thought the idea of a national ballot of Labour members was impractical, the executive did want to get the broad support of Labour MPs for any amendment it put down for the special conference.

Safeguards vital in liability code

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

BRITAIN IS prepared to see the EEC adopt a strict regime on product liability but it must contain reasonable safeguards for industry and commerce, Mrs. Sally Oppenheim, Consumer Affairs Minister, indicated in the Commons last night.

In particular, the Government would be pressing for the inclusion of a "state of the art" defence. Under this clause companies could plead that although a product was defective or caused injury it was the best that could be produced by the state of technology at that time.

Mrs. Oppenheim emphasised that such a clause was essential to encourage innovation and efficiency in British industry.

The Minister also stressed that, in any event, final agreement on a product liability code was still some years away.

The House was debating the European Commission's draft directive on the approximation of laws and regulations in member states concerning liability for defective products.

The Government had put down a motion stating that further consideration of the proposal should take full account of the need for adequate and prompt compensation for people injured by defective products, but that undue burdens should not be imposed on industry.

Full product liability would mean that retailers and producers would be fully liable in law for the quality and safety of their goods. They would be open to claims for damages even from a third party who had not originally purchased the products from them.

The possibility of such a regime being introduced in Britain has caused considerable concern in industry and hundreds of representations have been made to the Government no the subject.

Mrs. Oppenheim told the House that the Government was willing to negotiate constructively with our European partners on the basis of the Commission's present draft.

But in the Government's opinion, the draft could not be accepted as it stood because it did not strike a proper balance between the interest of injured victims and the interests of producers.

One of the most important improvements the Government would be seeking was the inclusion of a "state of the art" defence.

"Subject to our gettting satisfaction on a number of important conditions, we would accept the introduction of a Community regime for strict liability," she went on.

"We cannot take a final view on this matter until the precise nature of the regime has been clarified in further negotiations."

"Consumers have a right to expect that products which are bought and which are used carefully will not kill or injure them. At the same time, I am aware of the need to strike a balance wherein the burdens on industry are not excessive or inhibiting or outweigh the benefits to consumers."

Mrs. Oppenheim acknowledged that a number of Conservative backbenchers were deeply concerned about the draft directive and felt the costs would place an unbearable burden on industry and inhibit innovation and efficiency.

"I can assure them and those in industry that no directive would be acceptable to the Government which had these consequences," she added.

At the same time, she felt that a common product liability regime throughout the Community was a highly desirable prerequisite to any advance in product reliability legislation.

"To those who fear that a directive may be in conflict with or replace existing law in this country, I can also give reassurance," she told the House.

"A draft directive does not represent a basic alteration in our law but a complement to it. In no way would I wish to see any regime that undermined the law of tort in this country."

She also pointed out that the draft directive was not proposing a regime, like the "disastrous American experience."

Call for less regulation in civil aviation

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

MORE EFFECTIVE and healthy competition in the "closed and protected world of civil aviation" was needed, Mr. Norman Tebbit, Under Secretary of State for Trade, said yesterday.

Mr. Tebbit made his call for less regulation two weeks after the Government rejected bids by Sir Freddie Laker and British Caledonian Airways for new cheap-fare routes to the Continent.

Sir Freddie, chairman of Laker Airways, wanted to start 36 new routes from Gatwick Airport and right to fly between many Continental cities. Laker may now take his case to the European Court.

The applications were rejected because Continental countries had so far refused to allow extra UK airlines offering cheap fares on to new and existing routes.

Mr. Tebbit accepted that civil aviation was "overregulated." He told the Chartered Institute of Transport at its annual dinner in London that aviation should be liberalised, but not "de-regulated."

The regulatory framework should be made more flexible "to allow airlines to make innovative proposals on fares and routes."

One of the main reasons for arguing for more open competition in civil aviation was that the industry was now "so far out of line with other industries as to be one of the most regulated in the world."

The absence of competition had proved to be detrimental to the consumer whose interests had too often been ignored, he said. It had also been detrimental to the industry by keeping down the volume of passenger traffic.

However, the British Government could not act unilaterally because airlines could not operate to other countries without their consent.

The result was that the Government was obliged to move "very slowly" towards what it believed would be "a better service for air travellers and a healthier commercial climate for airlines."

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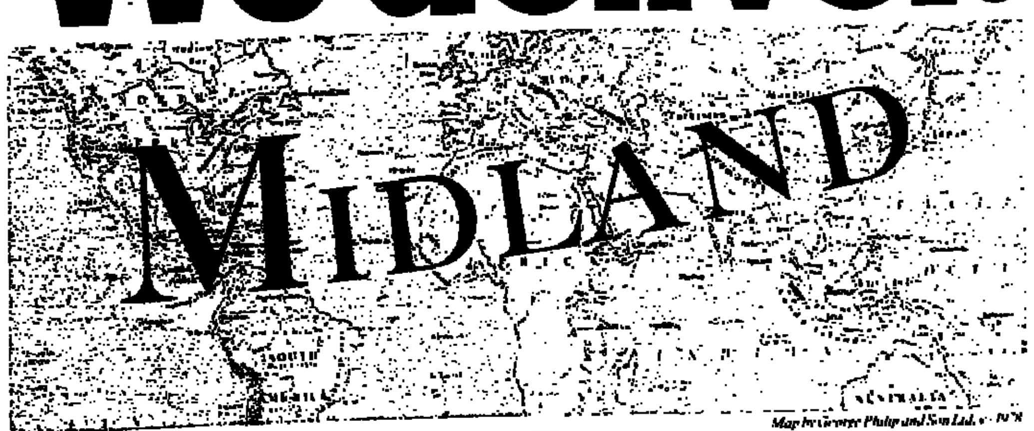

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Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Inertial navigation is on the move again

BY ALAN CANE

CIVIL ENGINEERS faced with the task of surveying roads in a country the size of, say, Scotland, used to have no choice.

They sent out teams of men equipped with poles, tape measures and theodolites and several months and several hundred traffic jams later they sat down to compile their results.

Late last year, however, the Scottish Development Department surveyed all 2,000 miles of trunk road in Scotland in a mere three weeks—and *produced information* which could be put instantly to use to improve traffic flow and road safety.

What made this possible was the development of a device—the Inertial Navigation System (INS)—built originally to guide military aircraft with pin-point accuracy—or at least, to an accuracy better than one *nautical* mile for each hour's flying time, which, in a supersonic aircraft, passes for the same thing.

The Scottish Development Department used a system built by Ferranti; the company's devices presently provide guidance for the Tornado, the anti-submarine Nimrod Mk II and the Mitsubishi F-1; they will be installed in the RAF's Jaguars this year. Now Ferranti has developed inertial *navigation for land sea, under-*sea, space and satellite systems.

And with the latest tech*nology applied* to the device, Ferranti stands a good chance of breaking into the one navigation market that has so far eluded it—commercial aircraft.

That market is securely sewn up by the U.S. companies Litton Industries, Delco (the General Motors subsidiary), and to some extent Singer and Honeywell. The reason is that the Americans *poured large sums* of money into the early development of inertial navigation and were *able to set world standards* before Ferranti and other electronics companies were properly into their stride. With the successful development of the second generation of inertial navigation equipment now only a few years away, Ferranti is hoping it can turn the tables.

Given a known starting point and the speed of travel, an inertial navigation system records the directions in which it moves both horizontally and vertically. It comprises three essential components, gyroscopes which detect movement round corners, three accelerometers which detect movement laterally, horizontally and vertically and a very fast computer to integrate and display the information.

Gyroscopes are an old habit at Ferranti; the company manufactured gyroscopic gunsights in Scotland during the Second War and at its end, Ferranti began a programme to develop high quality vertical and rate gyroscopes.

It is in the design and manufacture of the gyroscopes of *tomorrow that Ferranti hopes* to break the U.S. hold on the market and in doing so to utilise two of its chief skills—design of gyroscopes themselves and the use of lasers.

Gyroscopes, of course, are simply devices spinning at a high speed; the laws of physics dictate they will offer marked resistance to any force which attempts to alter the alignment of the spin axis — thus they give very precise information about, say, the way a road bends if mounted in the back of a *lorry travelling along that road.*

The latest idea is to develop a gyroscope with effectively no moving parts. The ring laser gyroscope, as it is called, consists of a triangular cavity around which two laser beams are reflected in opposite directions. If the gyroscope is moved, slight changes in frequency mean that one beam *interferes with the other* — and the magnitude of that interference is a measure of *the way the gyroscope has been* moved.

According to James Brumfitt, a senior executive at Ferranti, inertial navigation systems using ring laser gyroscopes are likely to be available commercially by 1985.

The accelerometers, devices which give accurate information *about movement in a horizontal,* lateral and vertical sense, are already highly developed. Each consists of a heavy pendulum held stationary by an electric motor. When the system is moved, the work the electric motor has to do to maintain the pendulum in position is a measure of the acceleration.

Thus the name; it is the *inertia present in the accelero*meter pendula and in the gyroscope that provides the navigational information.

The whole device is, of course, mounted in gimbals; inertial navigation systems are intended for use in fighter aircraft where smooth, level flight can hardly be guaranteed.

Over 90 per cent of Ferranti's *intertial navigation system pro*duction goes to military use, but the company has devised some novel applications which *suggest a sound commercial* future as well.

The land survey system used *for the Scottish roads is now* marketed as a package called the Ferranti Inertial Road Surveyor (FIRS) and has been sold to the National Geographical Institute of Belgium in Brussels. Plans are also being laid to survey the trunk roads in England and Wales.

During the Scottish experiment it was discovered that the system was sufficiently accurate to produce separate tracks for *each side of a single road,* and *the camber across the road.*

The prospects in surveying seem excellent. Classical techniques are tedious; a set of surveying points might be established in ten days. Using newer techniques of satellite observation the time can be cut by more than half, but using INS, after the first point has been established by satellite methods, 100 points a day can be surveyed.

The system has also been sold to Shell for surveying in Canada, *and there is interest from the* U.S. and Australia.

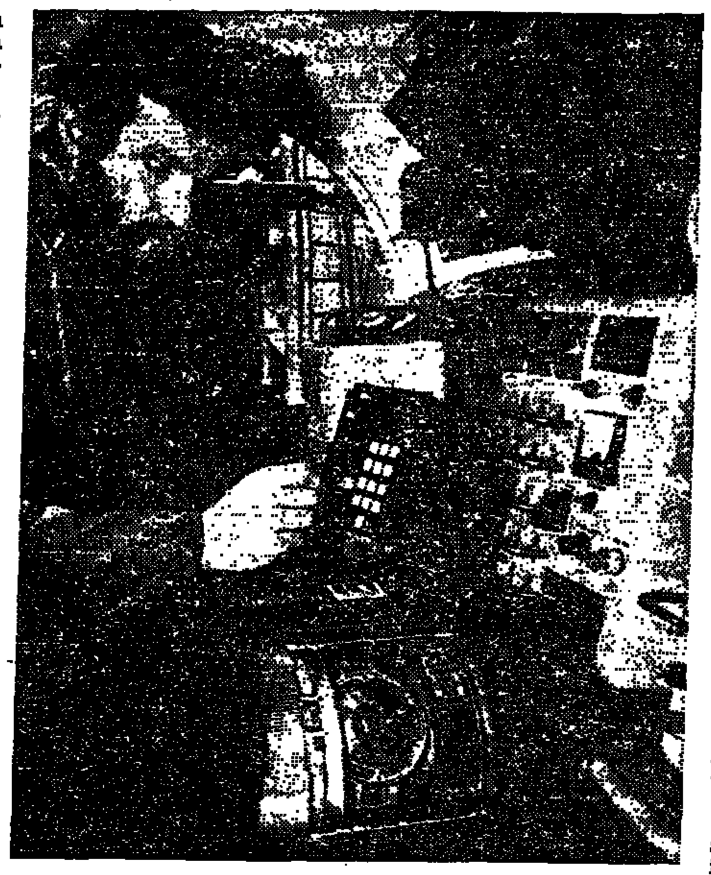
INS can also be used in the offshore oil business. Perhaps the most novel use is in plotting the course of boreholes under drilling rigs; the drilling platforms do not sit over a *single drill hole, but dozens* — and knowing where each goes is a major surveying task.

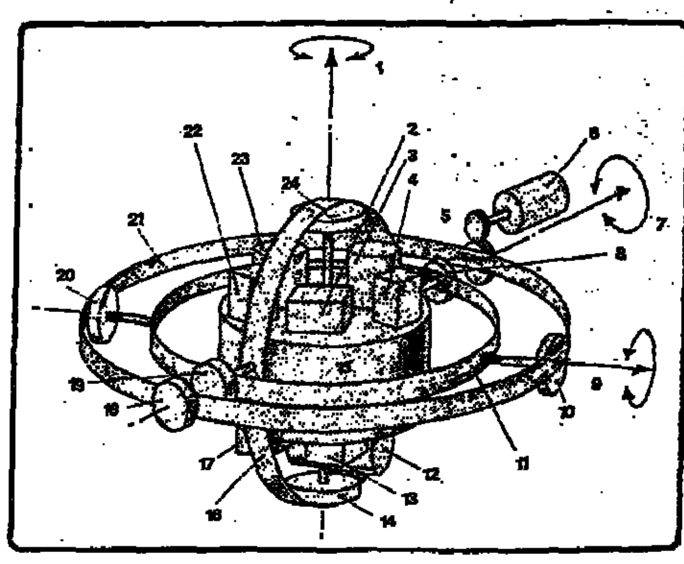
The Ferranti answer was to compress an INS into a torpedo-like cylinder a few feet long. Dropped down a tube running down the borehole, the INS records its position continually using semi-conductor memory on board, and when hauled out of the hole, allows an accurate picture of the borehole to be drawn.

The system clearly has a multitude of applications in tracing sewers, mapping railway lines and the like. Depending on the exact application, a system could cost anything between £60,000 to over £100,000.

The major commercial market Ferranti sees is in satellite guidance systems.

It already has systems guiding telescopes aboard Spacelab and has just secured its third contract for systems for the Ariane programme. The first Ariane satellite, launched in 1979, carried a Ferranti system; the potential for satellite systems in the future runs into hundreds.





1 Azimuth axis
2 Vertical accelerometer and pre-amplifier
3 North/South gyro
4 East/West accelerometer and pre-amplifier
5 Gear train
6 Outer roll motor
7 Roll axis
8 Inner roll motor
9 Pitch axis
10 Pitch synchro
11 Pitch gimbal
12 Azimuth gyro
13 Azimuth fan
14 Azimuth motor
15 Azimuth cluster
16 Inner roll gimbal
17 Temperature control unit
18 Outer roll synchro
19 Inner roll synchro
20 Pitch motor
21 Outer roll gimbal
22 North/South accelerometer and pre-amplifier
23 East/West gyro
24 Azimuth synchro

A technician sets a Ferranti INS in a pipeline surveying submersible, above; how the system is put together, right

COMMUNICATIONS

Thyssen-Bornemisza moves in information

THE EUROPEAN-BASED multinational Thyssen-Bornemisza (T-B) is rapidly building a strong presence in information technology.

Latest addition to its group of information-based companies is Communications Studies and *Planning (CSP), a small (turn*over last year of about £0.5m) British company specialising in telecommunications technology.

CSP has been bought 100 per cent for an undisclosed sum by Information Handling Services (IHS) of Denver, a Thyssen-Bornemisza subsidiary, the company announced yesterday.

The group now owns Biblio*graphic Retrieval Services* (BRS), a major U.S. on-line database specialist, the German *company Zeit Verlag and Predi*casts International, a company specialising in business studies.

Observers see these acquisitions as moves by the Thyssen-Bornemisza group out of its traditional interests in shipping, petrochemicals and heavy engineering. IHS is, in fact, owned by the T-B subsidiary Indian Head, a major U.S. glass manufacturer.

According to Mr. Barry Stapley, managing director of CSP, *the group is prepared to* put significant finance behind its move into the newer technologies; and with sales last year in excess of U.S.$1.6bn, it clearly has the resources.

CSP was established four *years ago and grew out of the* Communications Studies Group at University College, London.

Among its achievements are consultancy on the telecom*munications* links between London and Frankfurt for the Financial Times, and a North *American* defence contract dealing with the essential facilities which chief executives would require in the event of a major catastrophe — such as a war.

Under the terms of the deal with Information Holding *Services. CSP will still be able* to seek at least 75 per cent of its work from the open market.

Mr. Stapley believes that T-B is interested not only in the provision of information but in seeking new ways to deliver the information to the customer — hence the interest in on-line computer database and telecommunications.

AGRICULTURE

Stores spuds safely

LOOKING AFTER the potatoes —English varieties only—at a Lincoln farm is what is claimed *to be the most advanced potato* store of its kind in the world.

This contains an environmental control system custom-designed by Ventec (Agricultural), Lamarsh, Suffolk (0787 227709), which continuously monitors temperature both above and within the crop, maintains 10 deg. C and ensures that dewpoint is never reached, *thus obviating condensation.*

Lance-type sensors which are said to only minimally disturb *the potatoes are inserted inside* the crop to enable the "Cropminder" to measure and control the temperature.

System emits both digital and printed readout of sensor location and temperature and, because it uses individual sensors rather than an averaging method, the company says hot-spots are easily prevented.

DATA PROCESSING

Tiny data collector

THE LATEST microterminal from Burr-Brown International measures only 8.5 x 4.5 x 0.6 ins but is equipped with "multidrop" facilities that enable up to 10 of the data collection units to be connected to a computer through a single serial data link.

In such an arrangement, each of *the terminals has its own* address so that the central processor is able to select individual units for input or output.

These tiny terminals have seven function lamps, keyboard and seven programmable function keys, mounted on a waterproof front panel. Data entry is buffered (that is, temporarily stored) permitting data verification before transmission and minimising the amount of mainframe time needed for interaction between host and terminal.

Known as TM25 Multidrop, the microterminal is expected to find wide application on factory assembly lines where quality control inspections are carried out at intervals along the line.

The mainframe could also instruct the inspector to take special actions by illuminating the TM25 function lamps.

More from the company at 11 Station Road, Watford, Herts WD1 1EA (0923 33837).

MATERIALS

Everest climbers should be warm and free

THE EIGHT-MAN British mountaineering team, which will leave this month to attempt the first winter ascent of the long and difficult west ridge route up Everest, will be including among its gear clothes made with a new synthetic *thermal insulation.*

"Thinsulate," made and marketed by 3M, uses extremely fine micro fibres which are more efficient at trapping a layer of still, insulating air than the much larger polyester fibres used in most synthetic insulating materials.

The company claims that Thinsulate gives up to twice the thermal insulation of other commonly used materials such as down, pile, wool or polyester fibrefill. In a 1 cm thickness, 3M says that Thinsulate gives 1.8 CLO (the unit of insulation commonly used in the U.S.) *compared* with 1.0 CLO *for* goosedown and 0.9 CLO for fibrefill and pile.

The advantage to mountain climbers and other outdoor sportsmen such as skiiers, walkers, and so on is that protective clothing need not be bulky to be warm, giving much more freedom of movement. The *current advertising for "Thinsulate"* shows Alan Rouse, the 28-year-old climber who will be leading the Everest expedition, looking pneumatic in conventional down-filled clothing and far slimmer and free to move in the "Thinsulate" garments.

The material is currently being used in clothes made by 80 U.S. manufacturers and several in the *UK, including* Berghaus, Blacks of Greenock, Mountain Equipment, Phoenix Mountaineering, Westcroft and Wintergear. There are two types currently available, type C, for use where low weight, *drape, softness, compressibility* and flexibility are important, as in climbing and ski wear, and type M, where thinness and resistance to compacting are required, such as in gloves and footwear.

At the moment "Thinsulate" *is only manufactured in the* U.S., although 3M says it will consider making it in Europe if the demand builds up. It is cheaper than down, but more expensive to clothing manufacturers than other synthetic insulations. It is, for example, around 50 per cent more expensive than "Holofil," Du Pont's synthetic insulation which is *widely used in outdoor clothes.* 3M is on 0344 26726.

RAY PERMAN

Galvanises one side only

THE GENEVA *laboratories of* the Battelle Memorial Institute have recently demonstrated a process for the one-sided galvanisation of steel sheet — a development likely to be of considerable interest to the vehicle building industries *where it would be highly desir*able to protect hidden portions of the vehicle body against *corrosion while leaving* the other side uncoated so that it can be welded and painted efficiently.

In the process a meniscus of molten zinc is brought into contact with the pre-heated steel sheet using a specially designed distributing slot. In this way it is possible to "tailor" the coatings in terms of both thickness and width and to carry out the work at line speeds similar to those obtained in conventional hot dip galvanising.

A patent has been applied for to cover the process, more details of which can be obtained from Battelle's London office at 15 Hanover Square, W1R 9AJ (01-493 0184).

TRANSPORT

New low cost trucks

TWO NEW low cost ranges of fork-lift trucks have been introduced by Eaton of Wolverhampton, makers of the Yale brand of trucks.

The ranges, one electric and one powered by the internal combustion engine are basic *specification vehicles designed* with dairies, builders' merchants, printers, wholesale vegetable distributors and paper suppliers in mind.

*According to an Eaton execu*tive: "These 'no nonsense' models have been designed to meet a major market need by a variety of industries whose handling operations do not justify the use of more expensive and sophisticated trucks."

The price of the trucks is between £8,000 and £8,500 which, Eaton says, represents a 12 per cent saving compared to the cost of conventional electric trucks or a 20 per cent saving compared to the cost of trucks using standard internal combustion engines.

FINANCIAL TIMES SURVEY
Wednesday November 5 1980

MEXICO BANKING, FINANCE AND INVESTMENT

Mexico's oil riches have made it a magnet for the international banking community and a lucrative environment for its domestic financial sector. But it remains to be seen how much its new-found wealth will transform a developing society.

Money not the whole answer

By Peter Montagnon

WITH OIL export revenues expected to approach $12bn this year Mexico is now beginning to cash in actively on its 60.1bn barrels of reserves of oil and gas.

It is already the fifth largest producer in the world and is likely to move up the league as more production comes on stream. Total proven reserves are the sixth greatest in the world.

Each rise in the oil price is another windfall for Mexico, which is not a member of the OPEC cartel but holds its price in line. Because of its new-found wealth it is being courted by international bankers and investors alike.

Banks are anxious to lend to a country that offers such a sure ability to repay, while investors are mesmerised by the opportunities thrown up by a booming economy in a country whose steadily rising population guarantees an expanding market.

Mexican public sector borrowers are expected to raise net new funds amounting to some $4bn on the Euromarkets this year. Margins have been growing steadily finer, with the latest loan for the State oil concern Pemex yielding less than ½ per cent above Libor (London interbank rates).

Foreign investment, meanwhile, is expected to rise by 72 per cent to total $1.4bn. The U.S. Chamber of Commerce in Mexico City receives an unprecedented eight to ten inquiries a day from prospective investors.

Despite this bonanza Mexico still has a long way to go in the development process. Its road is studded with pitfalls and even today there can be no guarantee that Mexico will emerge in the end as a dynamic developed economy.

Securely

An indication that Mexico needs more than just oil to put its economy securely on the rails is given by the fact that, despite a tripling of oil revenues this year, the current account balance of payments is actually expected to exceed last year's deficit of $4.2bn. Moreover, the inflation rate is now running at about 30 per cent, sharply above last year's level of 19.9 per cent.

Both these phenomena are symptoms of the same basic problem. Mexico cannot yet produce enough goods on its own to satisfy its domestic market. Even where production is available severe bottlenecks in the country's transport system make goods difficult to market and expensive to the consumer.

Overcoming these structural problems in the non-oil economy is going to be a major task for Mexico in the years ahead. If the country's stock market is any yardstick of how Mexicans view their own prospects of success then its depressed state betrays an astonishing lack of self-confidence. The 29-stock Bolsa index stands at around 1,179, some 34 per cent below its May, 1979 peak of 1,798.9.

The immediate reason for this, however, is a combination of shortage of capital and high interest rates. Mexico still cannot generate enough domestic savings to satisfy the long-term finance requirements of both the public and private sectors. Companies find it hard to float share issues and because of this tend to offer scrip instead of dividends as a means of raising capital.

At the same time peso interest rates are now at very high levels, with Treasury bills yielding well over 25 per cent. To the man in the street, cash in hand seems a better return than a share even if it is issued by a company whose profits are increasing at a record rate.

If interest rates ever came down the stock exchange could become a less gloomy reflection of Mexico's booming economy. But so long as the rate of inflation is not reduced interest rates will have to remain high.

Mexico has no foreign exchange controls, largely because the openness of its 2,000-mile border with the U.S. would make them impossible to enforce. Yet with an inflation differential of some 15 per cent compared with the U.S., peso interest rates have to be held much higher than those on dollars to prevent a flight of capital.

ECONOMIC DATA

	1976	1977	1978	1979
Real economic growth%	1.7	3.2	7.0	8.0
Public sector spending as % of GDP	39.4	47.2	47.1	47.9
Annual rate of consumer price increase %	27.2	20.7	16.2	20.0
Current account balance ($bn)	−3.07	−1.62	−2.34	−4.25
Crude oil exports (m bbl)	34.5	73.7	133.2	194.5
Public external debt outstanding ($bn)	19.6	22.9	26.3	29.8
Gross international reserves ($bn)	1.41	1.97	2.3	3.09

Source: Banco de Mexico

This can happen even within the country itself. Most banks offer account facilities in dollars, and if the peso seems overvalued customers simply transfer deposits in Mexican currency to their dollar accounts, weakening the peso deposit base and causing a strain on the banking system.

Such a process of "dollarisation" was particularly acute at the start of the year when U.S. interest rates were rising steeply. Now it has abated somewhat, but Mexicans still seem to distrust their own currency.

Objectively they do have some grounds for doing so. Despite the persistent gap between U.S. and Mexican rates of inflation the currency has held remarkably steady. Since March it has been allowed to depreciate very slightly against the dollar but only by some 1.5 per cent.

It now stands at around 23 to the dollar.

Now Mexican Government officials say this rate of devaluation is to be accelerated from January next year. They will not say by how much, but finding the right exchange rate level is anyhow a very tricky problem.

On the one hand depreciation could exacerbate inflation by raising the price of imported goods. On the other, failure to depreciate could hamper the development of Mexico's own manufacturing industry and tourism as domestic prices fall out of line with international trends.

Mexico badly needs to develop its own industries so as to overcome its propensity to import. Imports are rising at a rate of about 50 per cent a year while exports of manufactures are falling in real terms.

The real answer to this problem would be to curb inflation itself, which would not only reduce the potential pressure on the exchange rate but also encourage those wage earners who can afford it to save more. Indeed, only with a substantial increase in domestic savings could Mexico, which still has no well developed capital market, finance its development from its own resources without constant recourse to foreign capital.

Such an increase in savings is hard to achieve when inflation is running at 30 per cent. Yet the Government is adopting a gradual approach to controlling price rises. The hope is that they will be reduced to a year-on-year rate of 25 per cent by next September.

This is because the administration of President Jose Lopez Portillo is acutely aware of the need for continued growth to keep employment levels up. With the current real growth rate of about 8 per cent it is generally believed that Mexico just about manages to create jobs for the 700,000 new entrants to the labour force each year.

To promote growth the Government feels it must take a big share in total spending. Central government outlays were budgetted to rise this year to 844.4bn pesos, or 25 per cent of Gross Domestic Product, from 552.6bn pesos in 1979. In fact they have overrun and because of this the budget deficit is now expected to be much higher than the originally targeted 182bn pesos.

But if the Government is committed to a large public sector it is also anxious not to stifle the private sector for lack of funds. For this reason it is unlikely that the Government's share of total resources will increase from now on. Instead it will try to spend more efficiently and productively.

At the same time it is also stepping up the fight against tax evasion. A World Bank report on Mexico last year estimated that the Government failed to collect more than one out of every two pesos it was legally owed in taxes. The introduction of Value Added Tax at a rate of 10 per cent last January has not thus far apparently made this problem any easier.

If the Government were to succeed in spending more productively and improving the economic infrastructure in areas such as transport and agriculture then there is little doubt that Mexico would be much better placed to derive full economic benefit from its oil revenues.

But this would in any case take time to filter down through the population. Mexico still has massive social divisions between rich and poor, and there is always a risk that the mass of the population will become impatient to feel the benefits of oil in its own pocket.

Stability

At the moment Mexico enjoys one of the best records for political stability in Latin America. Although there are elections, it is basically a one-party State and the governing Institutional Revolutionary Party is always returned to power.

The term of office of President Lopez Portillo expires in 1982, but in September next year he is expected to designate his successor, whose term will also run for six years. Already there is some nervousness about who will be selected, and as the moment for designation grows closer this nervousness is likely to be accentuated.

In the event the transfer of power to a new President will in all likelihood run fairly smoothly. But whoever he is, he will have the crucial task of leading Mexico to take full advantage of its oil wealth.

This will not be easy, but one encouraging sign is that Mexican officials and leading businessmen are fully aware that oil cannot transform a country overnight, and that without supporting policies oil wealth can simply lead to industrial stagnation as it has in Venezuela.

"We are standing at the crossroads," said one senior banker. "Now it is time to choose what to do with our oil money, but mistakes we make now will remain with us for a very long time to come."

CONTENTS

MEXICO BANKING II

Oil reserves backing for Euroloans

MEXICAN GOVERNMENT officials like to consider that their country offers an international credit risk similar to that of the Scandinavian countries. In terms of rating this would put Mexico just below the very best-rated risks in the market, such as France and Belgium.

This does at first sight appear to be an unusually ambitious aspiration for a Third World country but according to Sr. Angel Gurria, who is in charge of public sector external borrowing at the Finance Ministry, Mexico's ability to repay its foreign borrowings clearly warrants such a Euromarket rating. The key to the country's success in foreign borrowing lies in its huge proven reserves of oil and gas.

Even if they do grumble about the low spreads available on Mexican borrowings, there is no doubt that international bankers are quite taken with this argument. The Euromarkets this year have been extremely liquid and finding suitable borrowers has become a real headache for international banks which are at the same time growing increasingly wary of a number of country risks in the non-oil developing world.

Mexico, in these circumstances, emerges as something of an ideal client. Not only does it have an insatiable demand for funds; with oil revenues of \$11.7bn this year and more than \$20bn next it is indeed in a very strong position to service and repay its debt.

In practice therefore it is hardly surprising that Mexico's experience in the Euromarkets bears out its aspirations to a Scandinavian-style rating. One of its latest borrowings, a \$500m 7½-year credit for the State oil concern Pemex, carries a margin of only ½ per cent. The credit is structured in an unusual way in that it has to be renewed every 2½ years.

Comparable

Including renewal and underwriting fees the lead managers receive a yield some 17 basis points higher than they would under a conventional syndication. This gives an overall return somewhere between ⅝ and ¾ per cent which is broadly comparable to returns on Scandinavian public sector foreign borrowing.

So confident is Mexico of its position in the market that some Government officials are now working to try to reduce the return to banks still further by abolishing withholding tax on borrowing by the country's public sector entities.

In a typical Euromarket operation the borrower pays the agreed interest to the bank without deducting withholding tax. It then pays the withholding tax itself to the Government concerned and passes the tax receipt on to the lender.

The bank can use this receipt to offset against tax liabilities in its home country. U.S. Internal Revenue Service regulations, for example, permit a dollar-for-dollar reduction in a bank's overall tax liabilities for the full amount covered by the receipt.

Opponents of the tax in the Mexican Government regard the tax advantage derived by the banks in this way as windfall profits. "Why should we allow them to claim such an advantage when they do not share it with us?" said one.

Pending a decision on the tax the Ministry is now refusing to make the tax receipts available to the lending banks unless they are actually absorbing the withholding tax themselves. This substantially reduces the overall return to the banks on lending to the public sector, but the opponents of the tax argue that there is no need to raise margins on lending to Mexico to compensate.

They point to the recent \$350m credit for Banco Nacional de Comercio Exterior which, exceptionally, was formally declared to be free of withholding tax. It attained a market sell-down of 70 per cent on the basis of a ⅝ per cent margin over Libor or ⅜ per cent above U.S. prime rate.

Part of Mexico's success in foreign borrowing is no doubt due to the skilful way in which Mexico handles its banks. Mexico has not been afraid to mix politics with finance, for example. Earlier this year it arranged a funding package totalling some \$800m with banks in France, Germany and Canada. All three countries are keen on obtaining Mexican oil; all three were due to receive a State visit from Mexico's president, Sr. Jose Lopez Portillo; and banks in all three provided the funds on very favourable terms.

Despite this glowing success story one should not lose sight of the fact Mexico's very high growth rate has given it an inordinately high propensity to borrow. Its current account balance of payment will show a greater deficit this year than last year's \$4.2bn and the gap will also be wide in 1981. Net public sector external borrowing will probably be around \$4bn in each year.

This is a significant programme for a country which already possesses one of the highest international debt levels in the Euromarkets. Public sector foreign debt is about \$33bn and private sector foreign debt is around \$9bn. Mexico believes it can sustain further strong growth in this debt levels, but much depends on what happens to the non-oil sector of the economy. If oil revenues keep the exchange rate high and prevent manufacturing industry from being competitive, structural problems could become acute—as they have in Venezuela. In the longer run this would damage the country's credit rating.

For the time being Mexico is already embarked on a quest for new sources of funds. It has begun to tap the Eurobond market and will do so fairly regularly from now on. While such borrowings are at fixed rates, Government officials believe that regular recourse to this market will eventually result in a fairly constant overall average cost of fixed rate borrowings.

Institution

In the short term sector of the market the Government's lending institution, Nafinsa, is expected to tap the New York commercial paper market early next year. It will be the first Third World borrower to do so.

In addition, Mexico hopes that from next year on it will have access to greater amounts of U.S. insurance company money. It applied last year to have a special allocation of 1 per cent of New York State insurance company investments and legislation allowing this is expected to be completed next January. This would give it access to about \$3bn extra in long-term U.S. institutional funds.

Long-term funds are particularly interesting to a major borrower such as Mexico. Some Government officials have been toying with the idea of raising a bulldog bond in sterling along the lines already developed by Denmark. However, while sterling is seen in Mexico as a potentially attractive currency to borrow because it is regarded as overvalued at the moment, the emphasis on borrowing will remain heavily orientated towards dollars for the time being and there are no concrete plans for a sterling issue.

Peter Montagnon

Limited means to control money supply

BY MOST normal standards Mexico's present monetary policy ought to be described as highly restrictive. Interest rates have risen sharply since the start of the year and peso credit is hard to obtain even for those high grade corporations willing to pay an effective interest rate of some 35 per cent a year.

Yet real growth in the economy continues at a rate of about eight per cent, and the money supply itself is still expanding at some 32 per cent after last year's increase of 33.6 per cent.

Central bank officials admit that this rate of increase for M-1 is on the high side but they point out that with inflation now running at around 30 per cent a rapid rate of monetary expansion would be needed to finance any growth in the economy at all.

In part the equanimity with which they accept such a high level of monetary growth rests on the awareness that effective means of controlling the money supply in Mexico are rather limited. More important, however, is the realisation that real progress in fighting inflation is only possible through measures designed to eliminate supply bottlenecks in the economy.

Mexico's oil wealth coupled with its rapidly growing population means that strong demand is inherent in the economic system. Even if it were possible to reduce global demand, supply bottlenecks in areas such as transport and agriculture would still leave heavy upward pressure on prices.

Insofar as the Bank of Mexico does have a monetary policy, it is therefore strongly orientated towards qualitative control of money supply and credit.

Instrument

Its main policy instrument is the legal reserve system, whereby very high minimum reserve requirements are imposed on the banks. This year they have risen to 40.9 per cent from 37.5 per cent last year, but the proceeds are not frozen at the central bank. They are used instead by the Government to cover its budget deficit and to finance certain public-sector infrastructure projects.

At the same time, selective credit controls are in force whereby banks are required to invest a further 35 per cent of their deposits in public works projects at preferential rates.

Thus only about 25 centavos of every peso taken on to a bank's deposit books are free to be lent as the bank concerned wishes. In this way the country's domestic savings are shared out between the private sector, whose main economic task is to provide jobs, and the public sector, which has to improve the economic infrastructure.

One would think that in a country such as Mexico private sector industry would find it well-nigh impossible to cope with such a small share of total bank financing. But the absence of foreign exchange controls means they do have an alternative source of finance abroad.

Commercial bankers say that there is strong evidence that the private sector has availed itself of this option to an unusually high degree this year. Some even go so far as to say that the process of dollarisation or transfer of peso deposits to dollar accounts—which was acute at the start of the year—has switched to a similar phenomenon on the other side of the balance sheet. With peso interest rates now very high and exchange risk still quite small companies have found it much cheaper to borrow dollars than pesos.

The impact of this foreign borrowing on money supply is hard to determine. Government officials say that very little of the dollar credit taken up by the private sector is actually monetised or exchanged into pesos so that it becomes part of the domestic money supply. It is used instead to service existing foreign debt or pay for imports. In both cases it is spent abroad and does not affect monetary growth at home.

With peso credit in such short supply this year there seems, however, to be a strong likelihood that a greater proportion of the private sector's foreign borrowing is now spent at home. Even the mere possibility that this might be the case means that the authorities can never be sure that they have the money supply fully under control.

If in the medium term Mexico does succeed in overcoming its economic supply bottleneck problems this could become a more serious problem as monetary control would become a much more important factor of economic management.

Besides the legal reserves, the Banco de Mexico does have some other means to help control money supply. Since 1978 there has been a Treasury bill market in Mexico, but these bills are issued primarily as a further means of financing the Government's budget deficit and its demand for funds leaves the central bank with little practical scope for using this market to fine tune the availability of domestic liquidity.

At the same time the central bank does periodically call for special desposits from the banking system. Like the legal reserves, these deposits do bear interest but are a potentially effective instrument of monetary control because they are frozen at the central bank.

However, a decision as to whether to call in such deposits or to raise the level of legal reserves depends in part on the Government's need for funds at any one time. If its need is pressing, the legal reserve method might be chosen and once again the central bank's freedom of action is limited.

P.M.

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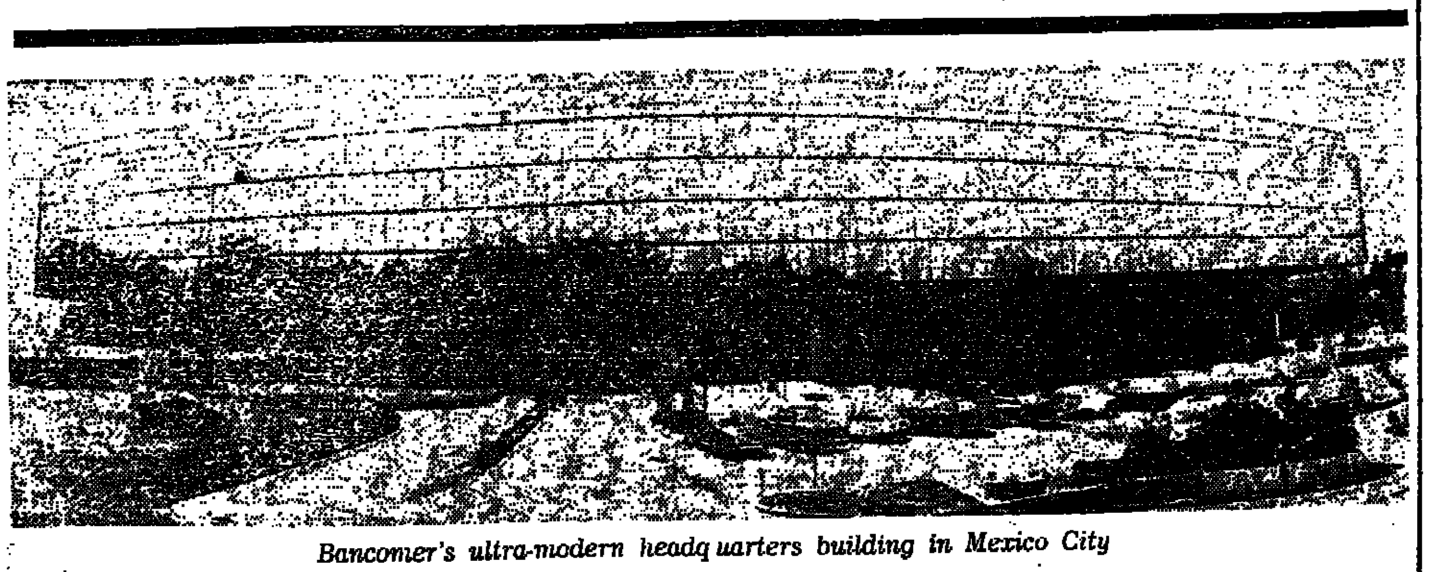


Bancomer's ultra-modern headquarters building in Mexico City

Profits bonanza for private banks

ASK ANY foreign banker what he thinks of the profits of Mexico's privately-owned banks and he will grimace with envy and say they are indecent. It is true that last year they registered a staggering growth. At Bancomer, Mexico's largest bank, net profits rose to Pesos 2.47bn ($108.4m) last year from only slightly over Pesos 1.5bn ($65.2m) in 1978. At the second largest bank, Banamex, they grew to Pesos 2.23bn ($97m), an increase of 71.19 per cent.

This year, however, growth in profits does appear to have slowed. Banamex is projecting net profits in the region of Pesos 2.7bn to 3bn, while Bancomer expects to make net profits of around Pesos 2.9bn. This increase will not keep pace with inflation but will still represent a return on shareholders' equity of about 65 per cent, compared with 62 per cent last year.

Profit development at Mexico's larger banks is particularly hard to analyse because they are all "multiple banks" providing a full range of services along the German universal bank pattern. They tend to be active in insurance and property, for example, as well as holding significant participations in industry.

Inhibiting

It is not always clear how these activities are handled in an individual bank's accounts, but there is no doubt that one of the major factors inhibiting the growth of profits this year has been the high cost of peso funds. The average cost of these had risen in mid-October to about 31.5 per cent from only 15 per cent in January. At the same time balance sheet growth has been modest in real terms and a rise to 40.9 per cent from 37.5 per cent in legal reserve requirements has reduced the funds available for granting commercial credit.

The rise in peso interest rates was inevitable given the wide disparity between Mexican inflation, now running at about 30 per cent, and U.S. inflation of about 12 per cent. As U.S. dollar interest rates rose in the early part of this year there was a marked tendency towards dollarisation or transfer of deposits from pesos to dollars.

This weakened the peso deposit base, causing a particular strain on the banking system in the first four months during which period the dollar had a 35 per cent share of all new deposits at private and mixed ownership banks.

With the decline in U.S. rates from May onwards and the sharp hike in peso rates the dollarisation phenomenom began to abate and by September dollar deposits declined in absolute terms.

Nonetheless, the wide inflation disparity between Mexico and the U.S. means that the central bank has to continue with an active policy of warding against dollarisation.

Interest payable of dollar deposits is carefully regulated and for smaller amounts is held some 2.5 to three per cent below Libor, while only deposits of $100,000 or more are remunerated at market rates. At the same time peso interest rates continue to be held at high levels.

This is particularly hard on the smaller banks which do not have a large branch network to serve current account customers. They have to compete more aggressively for funds, which drives up their costs and reduces their interest margins.

As a result the process of consolidation is continuing. Already, as the accompanying table shows, a very large proportion of the market (totalling some 50 per cent) is contributed by the country's two largest banks. Thereafter market share dwindles rapidly, even within the "Top Eight" group.

TOP EIGHT PRIVATE SECTOR BANKS

(Total assets—Pesos bn—June 30, 1980)

Bancomer	250.7
Banamex	240.1
Serfin	101.9
Comermex	92.9
Banco del Atlantico	25.2
Banpais	22.0
BCH	21.0
Cremi	19.9

Source: National Banking and Insurance Commission

Mexican bankers believe that absorption and mergers will reduce the numbers of smaller banks, resulting over time in fewer but larger units which would not only be more efficient but also provide a better foil to the two giants.

The two largest banks have already just about reached the limit of their permissible market share in Mexico and because of this they and some of the other big banks are now looking increasingly abroad to expand their business. When last month Banca Serfin opened a full branch in London it was the last of the top four banks to do so.

This thrust abroad by Mexican banks has revived the debate about the inequal status of foreign banks in Mexico. There are now about 120 of these, but with the exception of Citibank—the only bank to remain open during the 1910 revolution—none can have full banking branches. They are only allowed representative offices and may not conduct domestic business within Mexico.

Thus the question of reciprocity has arisen as Mexican banks seek to develop their activities abroad. As a sop to the foreign banking community the Mexican authorities have allowed offshore business to be conducted out of Mexico, but this is of little real use to the banks which already have established booking facilities elsewhere.

Meanwhile Mexican bankers say the reciprocity issue has not so far seriously impaired their development abroad.

There is little chance of foreign banks being allowed to establish full branches in Mexico. At stake is not competition for lending business. The domestic banking system simply cannot provide all the credit needed by the private sector and foreign banks have become very active Euromarket lenders to Mexican companies. This year alone Chase Manhattan will manage private sector Mexican Eurocredits to a total value of over $1bn, more than doubling its last year's result. Indeed one of the motivations behind Mexican bank expansion abroad is to be able to compete more easily with foreign banks for this type of business.

But Mexican banks would never permit foreign banks to compete with them for peso deposits. The chronic shortage of the latter looks like continuing for some time to come. Mexican banks are very anxious to preserve their access to the relatively small pool of domestic savings and they are known to be ambivalent about competition from domestic sources such as Treasury certificates and commercial paper. For this reason few seem willing to do much to support the development of a capital market in Mexico, even though they pay lip service to the idea.

Peter Montagnon

Stock exchange business enters quiet phase

MEXICO'S STOCK exchange—Bolsa Mexicana de Valores—is going through a curious but not entirely unexpected phase. After experiencing two years of extraordinary growth, following the 45 per cent devaluation of the peso in 1976 and the upsurge in the country's oil wealth, it has drifted into a period of stagnation.

In 1978 the 29-stock price index rose by 125 per cent and in 1979 by 35 per cent. The index—which was broadened in September to 42 stocks to make it more representative—peaked at 1,798.9 on May 9, 1979 — more than four times the January 1978 level—and since then has been gradually falling to stand at around 1,179 in mid-October.

Given Mexico's booming economy stockbrokers have been expecting the market to erupt again but this has not happened. The volume of trading has been fairly thin this year, 258bn pesos in the first six months of 1980 compared to 219bn in the corresponding 1979 period, and by October there had been only four new equity issues as against 33 for the whole of 1970.

Although corporate profits rose by a good 50 per cent in the first nine months of the year share prices have plummeted to a p/e ratio of 6 compared to 16 at the peak of the 1979 boom.

The exemption from capital gains tax on equity investment by individuals coupled with this p/e ratio should make stocks an attractive hedge against this year's inflation rate of 30 per cent. But life on the exchange, which lists 108 stocks, has been quiet.

The factors behind the stagnation are partly technical and partly psychological. As the head of one of Mexico's top banks put it: "A lot of people have burned their fingers on the Bolsa." He was referring to when the Bolsa bubble burst last May and the index fell from almost 1,800 points to 1,200 points at the end of July.

Unattractive

But the main reasons are more linked to what is happening to the Mexican economy as a whole. As the same banker put it: "What incentive is there to invest in the stock market when Cetes (treasury bills) are paying 27 per cent with no risk at all?"

The main blow for the exchange came last August, just as the market was picking up again with the index rising to 1,400 points by the end of the month. The Banco de Mexico switched from its decades-long policy of fixed interest rates for peso deposits to a very flexible system.

The new policy was introduced to stem a fresh flow into dollars brought on by the surge in U.S. interest rates which made peso interest rates unattractive. Mexico has complete freedom of exchange transactions. Peso rates have shot up. Furthermore, there has been a rush for precious metals.

The Government has also gradually been introducing other investment instruments on to the exchange, like petro-bonds, as it timidly moves ahead with promoting a fully fledged capital market.

The other instruments are competing for a share of domestic savings which are small in relation to the potential of Mexico's economy. For example, the volume of trading in petro-bonds in the first half of 1980 was 18bn pesos compared with 2bn in the corresponding 1979 period.

The Government seems determined to strengthen the exchange in order to meet the demands of the growing economy, which traditionally has been dependent for financing upon short-term banking credits at high interest rates.

But, in order to build up a strong capital market, which many observers believe is vital if Mexico is to be able to finance its ambitious growth plans, the Government will have to chip away at the immense power and political clout of the banks.

It is estimated that the top four Mexican banks alone control 40 per cent of the stock market turnover directly or indirectly. The largest brokerage house belongs to Banamex, the number two bank, and it reportedly has 20 per cent of the market.

The number of brokerage houses has grown from three to 31 in five years, with the leaders run by the banks. It is generally accepted that for the moment the banks' influence is necessary since they do provide confidence at a time when the exchange is in its infancy.

Bankers claim that they do not view the exchange as competition. A time could well come, however, when there is a serious conflict of interest between the banks and the exchange which would inhibit the growth of a capital market.

The latest investment instrument to be channelled through the exchange is commercial paper, which started to be issued in October. Only companies registered on the exchange can issue it. Issues are limited to a maximum of $100m and a minimum of $50m with a 91-day maturity at a yield slightly above that of Treasury certificates. The total annual limit of 1.5bn pesos, a timorous start.

As far as the non-Mexican investor is concerned, the Fondo de Mexico, a $80m closed-end investment fund, could be launched by the end of the year. The fund will give foreign investors greater access to the exchange but its impact is unlikely to lift the exchange out of its depressed state.

The fund will be administered by a Mexican registered company, Asesora del Fondo Mexico, but investors will purchase shares in a Maryland-registered company, Mexico Fund Inc., which will be quoted on the New York Stock Exchange. Proceeds from these share purchases will be passed on to the Mexican company which will build up a diversified portfolio of Mexican stocks.

The main object will be to produce capital gains rather than cash dividends. In this respect the timing of the launch may not be all that bad as share prices in Mexico are now at a cyclically low level.

William Chislett

Foreign investors flock in

FOREIGN INVESTORS are *flocking to Mexico in droves*, seemingly undeterred by the Government's restrictive policies which limit foreign participation in any joint venture to 49 per cent.

New foreign investment this year is officially estimated at $1.4bn, 72 per cent more than in 1979. In the first eight months of 1980 the total amount of new foreign investment committed was $952m — 17 per cent more than the 1979 total of $810m.

According to the U.S. Department of Commerce, affiliates of U.S. companies in Mexico will invest just over $1bn of the $1.4bn, $325m more than in 1979. "We get about eight to ten inquiries a day from prospective investors," said Mr. John Christman, director of economic studies at the U.S. Chamber of Commerce in Mexico City. "I've never known anything like it before."

While Mexico's oil wealth is the main factor behind this there are plenty of other reasons for investing in Mexico.

There is an abundant and cheap supply of labour. Politically the country is very stable. It stands on the doorstep of the giant U.S. market. There are no restrictions of remittance of profits, repatriation of capital and convertibility of exchange, and there are attractive financial inducements to set up companies in decentralised areas.

Add to this the fact that the turbulent Middle East is becoming an increasingly risky area in which to invest and Mexico's credentials — despite the limitations on foreign investment — stand out like a bright deed in a naughty world.

Mexico has, however, a long and bitter history of foreign involvement in the country and it has left an indelible mark on the national character. The country was plundered by foreign States and investors up to the 1930s. The oil and railway industries, to name *just* two, were dominated by foreign companies until their nationalisation in 1936 and 1938 respectively.

Since then an increasing number of restrictions have been placed on foreign investment. Any idea of an "open door" policy in Mexico is out of the question. It is estimated that foreign investment in Mexico accounts for only 3 per cent of total investment.

According to the Industry Ministry, total accumulated foreign direct investment in Mexico was $6.8bn at the end of 1979, with the U.S. taking almost 70 per cent ($4.7bn): West Germany 7.4 per cent ($505m); Switzerland 5.5 per cent ($376m), Japan 5.3 per cent ($362m) and Britain 3 per cent ($205m).

With the advent of the oil wealth the Government can afford to be more choosy in its foreign investment policy. It realises nevertheless, that if its plans to double industrial capacity every seven years and maintain an average annual economic growth rate in real terms of 8 per cent are to be fulfilled, it must continue to be hospitable to foreign investment in certain well defined areas.

The sectors reserved for the State or for Mexicans exclusively are petroleum and basic petrochemicals; electricity generation and distribution; telecommunications; railways; radioactive minerals; banks; bonding and investment companies; TV and radio stations and freight transport.

In certain other areas foreign investment is limited to less than 49 per cent. For example, foreign participation is restricted to 34 per cent in mining in the national reserve areas and to 40 per cent in the manufacture of components for vehicles and in the secondary petrochemicals industry.

Free of such special restrictions are manufacturing and heavy industries, tourism and an increasingly important part of the Mexican economy, agro-industry.

The foreign investment law was changed to the 49 per cent level in 1973. Before then companies could be 100 per cent foreign-owned. For example, the car industry in Mexico is dominated by the subsidiaries of Volkswagen, Chrysler, Ford and General Motors, which are all still 100 per cent owned by their parent companies.

Those companies which set up before the 1973 law—which is not retroactive—are usually allowed to expand their existing operations without having to "Mexicanise." But new (post-1973) companies have to stick to the 49 per cent maximum holding.

There is still, however, one way in which foreign companies can establish a 100 per cent owned company in Mexico and that is to set up what are called "in-bond" industries. They are able to import duty-free, providing all production is exported.

These "in-bond" companies are located very near to the border with the U.S. and are flourishing concerns. This year the 619 "in-bond" companies, mainly for the assembly of clothes and electronics components, will contribute an estimated $1.3bn in value added re-exports, about a third more than in 1979.

But their disadvantage is that these companies cannot become involved with the attractive highly protected domestic market.

The Government is also beginning to wield the oil weapon as it strives to steer foreign investment into those areas where it wants new technology and foreign participation. It has let it be known that it wants to sell oil to those countries which not only pay the going rate but also offer greater and freer access for Mexico's non-oil exports and which also increase their investment in the country and offer technological co-operation.

Clauses conforming to such a policy were written into the joint communiques which *emerged at the end of President* Jose Lopez Portillo's summer trip to France, West Germany, Sweden and Canada and at the *end of a Japanese mission to* Mexico.

The policy, formulated at the same time that Mexico post-*poned* membership of the General Agreement on Tariffs and Trade (GATT), fits Mexico's desire to diversify away from *too much dependence* upon the U.S. The U.S., anyway, has made it clear that it will not buy the policy. But other countries anxious to plug themselves into the secure Mexican oil source are finding that the policy cannot be ignored.

Japan is a good case in point. At the moment it has a contract for 100,000 b/d of Mexican crude and wants 300,000 b/d. But Mexico has been playing hard to get and is trying to extract the best deal it can get in return for increasing its oil supply to Japan.

Now it seems that in return for forming two joint ventures in the steel sector and providing financing, Japan may get some extra oil. There is no written agreement to this effect but this is the impression Japan has.

In the case of Japan, Mexico's oil-linked investment policy stands a better chance of being successful because the Japanese public and private sectors work more closely and harmoniously together.

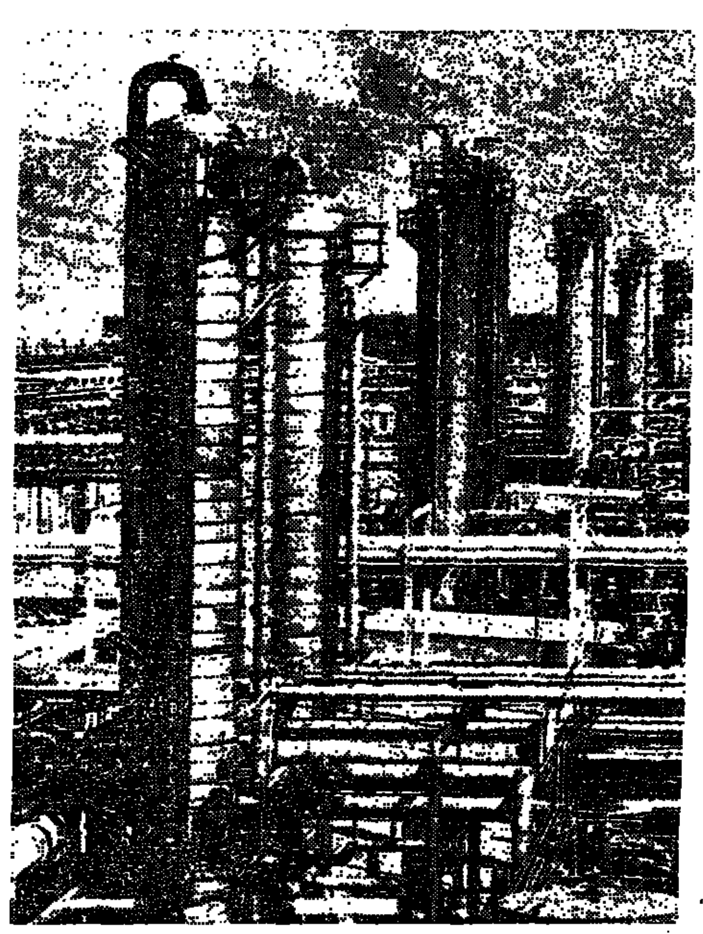
William Chislett

MAJOR PROJECTS

Below are some of the major projects announced in the first half of 1980. All of them involve foreign capital. Amounts in *pesos—dollar equivalents in parentheses.*

Company	Sector	Investment
Alfa Industrias	Petrochemicals	2bn ($86.9m)
Alcan Aluminio	Aluminium products	1.72bn ($74.7m)
Atlas Copco Mexicana	Industrial equipment	800m ($34.7m)
Celanese Mexicana	Petrochemicals	8.6bn ($373.9m)
Eaton Manufacturera	Vehicles	250m ($10.8m)
Ford Motor Company	Vehicles	8.4bn ($365.2m)
General Popo	Tyres	1.34bn ($58.2m)
Kimberly Clark de Mexico	Paper	6.5bn ($282.6m)
Motores Perkins	Vehicles	300m ($13.0m)
Spicer	Vehicles	1.2bn ($52.1m)
Texas Instruments de Mexico	Electronic products	1.7bn ($73.9m)
Union Carbide Mexicana	Industrial gases	1.5bn ($65.2m)
VAM (American Motors joint venture)	Vehicles	550m ($23.9m)
Volkswagen de Mexico	Vehicles	6.15bn ($267.3m)
TOTAL		41bn ($1.7bn)

Source: U.S. Chamber of Commerce in Mexico.



Part of the giant Cactus petrochemicals complex in southern Mexico, a centre for the country's downstream oil operations

Major force in development

WITH ASSETS of 239.5bn pesos ($10.4bn) Nacional Financiera (Nafinsa), the Government's development bank, is a major force in the Mexican economy. Besides the long-term financing of industrial development in both the public and private sectors, which is the bank's *main function*, Nafinsa *also* acts as the Government's financial agent, administers trust funds for tourism and medium and *small industries, and promotes* joint ventures. Nafinsa also has 23 regional branches and has a majority share in Banco *Internacional, a full service* commercial bank.

For the fiscal year ended June 30, 1980, Nafinsa made a net profit of 887m pesos ($38.5m), 52 per cent more than the preceding year. The bank raised its authorised capital at its annual shareholders' meeting from 2.8bn pesos ($121.7m) to 5bn pesos ($217.3m).

To meet the demands of high growth and to counter the immense power of the private banks, Nafinsa is having to step up its participation in the economy. It plans more decentralisation and increased provision of long-term financing and risk capital, which the private banks do not readily supply.

Nafinsa has a majority share *or controlling interest in 81 out* of the 162 companies in which it participates, most of them industrial.

In the fiscal year ending June 30 last it granted credits worth 57.7bn pesos ($2.5bn), 37 per cent more than in the preceding year. Of these, 17.4 per cent went to the oil and electricity sectors; 17.1 per cent to agriculture: 14.3 per cent to steel; 11 per cent to transport and 5.5 per cent to capital goods production. The rest went to other sectors.

Fifty one per cent of the credit was financed from domestic sources compared to 46 per cent in the preceding year. The reduced dependence on foreign credit is a trend which Nafinsa, *aided* by Mexico's oil revenue, intends should continue.

Nevertheless its dependence upon foreign commercial banks and international organisations like the World Bank and the IDB is still high. As of June 30 last, some $8.1bn of Mexico's total foreign public sector debt of $32bn was contracted by Nafinsa, which has offices in Washington, New York, Tokyo and London.

An increasingly important part of Nafinsa's activities will be related to promoting capital goods, a weak sector of the economy. Imports of capital goods in the first eight months of the year were worth an estimated $3.2bn, 28 per cent of total imports. Capital goods imports, vital for the expanding economy, have been estimated at $30bn over the decade.

"We are again spearheading the drive to fill the gaps in the economy," said a Nafinsa direc*tor. During the 1940s*, when Mexico's imports of goods like steel products and fertilisers were severely limited by the *war. Nafinsa promoted* their manufacture in Mexico. Now Nafinsa has started a programme of promoting large capital goods projects and also enterprises in the secondary petrochemical and food sectors.

In September, for example, Grupo Industrial NKS was established between Nafinsa, Sidermex, the holding company *for the State steel sector, and* Japan's Kobe Steel. With an authorised capital of 2.5bn pesos ($108.6m), split almost equally three ways, and an investment of 8.5bn pesos ($369.5m) a forging and casting mill will be built at Lazaro Cardenas on the Pacific coast.

Other projects in Nafinsa's move to seek out the best of foreign technology and create joint ventures include the manufacture of electric generators and turbines and the production of large diameter pipe for the oil industry.

William Chislett

Success of petro-bonds

THE MEXICAN Government's petro-bonds, a unique commodity bond whose redemption price is linked to the export price of Mexican oil, are proving to be a successful new investment medium for both Mexican and foreign investors. Foreigners are excluded from buying most Mexican shares but there are no restrictions on purchasing petro-bonds.

The fifth series of petro-bonds, *issued at the end of April at the* same time as the first (1977) series matured, raised 5bn pesos for three years at 10 per cent *after* 21 per cent withholding tax.

The investor is repaid his initial investment increased by the percentage rise in the price of Mexican crude oil less the interest paid over the life of the bond—or is repaid at par, whichever is the greater. This means that the price of Mexican oil has to rise 30 per cent during the *three-year life of the petro-bond* before there is any increase in the cumulative yield to the investor. Mexico is not a member of *OPEC*, but it does adjust its export price in line with increases made by the oil cartel.

There is no capital gains tax in Mexico on operations traded by individuals on the country's stock exchange, so that any increase in the capital value of the bonds resulting from an oil price rise is free of such tax.

The petro-bond investor is guaranteed 100 pesos a year net interest per bond (the bonds have a nominal value of 1,000 pesos each) and he is protected from any possible devaluation since the price of each barrel of Mexican oil is denoted in dollars. If there is a peso devaluation, the value of each barrel backing the petro-bond issue rises by the amount of the devaluation.

The first issue was little more than a publicity stunt—and a *fairly* expensive *one—in order* to convince Mexicans as well as the world at large that Mexico really did have oil. The slogan "Black Gold for Everyone" soon caught on, coming as it did in the wake of the 45 per cent devaluation of the peso, which sent shudders through the country's financial system.

Since then Mexico's proven oil and natural gas reserves have increased almost sixfold to 60.1bn barrels and production has more than doubled to 2.4m barrels a day.

Now that the world is aware of the oil giant beneath the Mexican sombrero, the Government is more interested in obtaining financing in pesos; inducing the small saver to save; helping the growing stock market by adding to the variety of investment instruments available and securing prestige for Mexico in the international capital markets.

William Chislett

THE MANAGEMENT PAGE

BY CHRISTOPHER LORENZ

On the crest of a wave

William Hall reports on the rise of Eurocanadian, which is riding high in the face of a depression on the North Atlantic

EVEN BY the standards of the more flamboyant members of the international shipping community, the recent growth of Frank Narby's Eurocanadian Shipholdings has been impressive.

Until late 1977, it did not own a single ship although it had chartered a considerable number. However, over the last 18 months it has spent $270m on acquiring 15 ships totalling 2.2m dwt and ordered another eight ships totalling 0.7m dwt at a cost of around $300m. It is also spending a further $60m on buying containers, trucks and offices, along the way.

The net result of this $600m plus investment binge is that a relatively unknown Canadian-controlled group has ended up as one of the biggest owners of British ships (the oil companies excepted).

In terms of tonnage (but not in terms of numbers of ships) Eurocanadian must now rank larger than British shipping companies like Ocean Transport or Furness Withy. P & O is still probably the largest with 2.4m dwt in its fleet. In less than two years Eurocanadian has built up one of the biggest fleets of combination carriers (capable of carrying oil or dry bulk cargoes) in the world and is committed to doubling its container shipping capacity in the North Atlantic.

This is at a time when a number of old-established operators such as Seatrain and Farrell Lines have pulled out because of a fierce war in cargo rates. Hardly anyone is making any money.

For a group established on a shoestring (initial capital of less than $0.5m) only 12 years ago, Eurocanadian's spectacular growth and obvious ambitions have raised numerous eyebrows among the old established shipping fraternity.

Shipping is about the last international industry where an entrepreneur can start with virtually nothing and make a fortune. By the same token he can just as easily lose one—as the spectacular rise and fall of Norway's Reksten group and Maritime Fruit Carriers have ably demonstrated during the last decade.

As a result Narby and Eurocanadian are treated with a certain amount of suspicion in established shipping circles. His quest for respectability has not been helped by his public criticism of the management of Furness Withy—one of Britain's oldest and stuffiest shipping companies—and his refusal to divulge detailed financial information about his own performance.

Narby's early shipping career was uneventful, if slightly unusual. He was born in Cairo in the late 1920s of an English mother and Egyptian father. After a spell working for Greek shipowners in Alexandria he moved to Canada after the fall of Farouk.

There he worked for the Pathy family shipping company, Federal Commerce and Navigation, before branching out on his own. In 1968 he established a joint shipping venture with D. C. Webster, a member of one of Canada's wealthiest families.

Initially, Narby continued to do what he had been doing so successfully at Federal Commerce namely chartering in a fleet of bulk carriers at low rates and trading them at a profit around the North Atlantic basin. Along with Peter Twiss, who now heads the bulk shipping operation. Narby started out with a chartered fleet of a dozen or so "handy sized" bulk carriers.

Within a couple of years Eurocanadian had decided to diversify into container shipping. By carrying containers westbound in addition to its eastbound bulk cargoes, Eurocanadian was able to reduce its unit costs and undercut the pure container shipping operators on the North Atlantic. Being short of capital the group chartered its ships rather than bought them.

A few years after entering the container business, Eurocanadian's management was feeling restless once more, and decided to make a bid for Manchester Liners—one of the pioneers of the North Atlantic container shipping business. Narby argued that by combining Cast and Manchester Liners, considerable economies of scale could be achieved.

Consternation

However, Manchester Liners' majority shareholder, Furness Withy, did not agree with Narby's ideas. So, much to the consternation of the British shipping establishment, Narby decided to buy shares in Furness Withy.

Shortly afterwards, Eurocanadian was referred to the Monopolies and Mergers Commission in Britain which decided that its activities were against the public interest. It was ordered to reduce its stake in Furness Withy from 25 per cent to no more than 10 per cent by the end of 1979.

And there the matter rested for several years. From time to time Narby popped up and made rude noises about Furness Withy's management but the two sides appeared to be deadlocked.

However, earlier this year the C. Y. Tung group appeared on the scene and made a successful bid for Furness Withy and Manchester Liners. Eurocanadian made a handsome profit on its Furness Withy and Manchester Liners' shares and promptly started investing the proceeds.

Given the virtual absence of new investment by the established British shipping companies, Eurocanadian's subsequent investment blitz has been all the more interesting. But an equally fascinating phenomenon is Narby's decision to put the majority of the ships under the British flag—they are managed by Denholm of Glasgow. This move has helped stem the rapid decline in the size of the UK fleet.

When its new ships are delivered within the next couple of years, Eurocanadian will own a British flag fleet of some 3m dwt. The apparent ease with which Narby is building up his shipping empire contrasts starkly with the lack of entrepreneurial flair among the majority of the British shipping establishment. But is Narby's progress to date too good to be true?

Despite its recent activity relatively little is known about Eurocanadian. It is controlled by two holding companies which share the same shareholders—Eurocanadian Shipholdings Limited of Bermuda and Intercast SA of Switzerland. (Eurocanadian uses the name "Cast" on its ships.) Narby's family investment vehicle Dolphin Investments, owns 61 per cent, D. C. Webster's Helix Investments owns 21 per cent and Canadian National Railways the remaining 18 per cent (it paid $12m for its stake in October 1975).

Little financial information is available about Eurocanadian since it is a private company. Group turnover in the year to March 1980 was $282m and in the first half of the current year it was $170m.

Narby has said that his group makes the same sort of after tax earnings as P & O (£26.5m in 1979). He says that all his operations are profitable with one-third of profits coming from container operation, rather more than one-third from the time chartered fleet, and rather less from the combination carriers.

While much of the day to day management of the group is delegated to its key container operations in Antwerp and Montreal as well as London, much of the decision making still rests in Fribourg, Switzerland, where Eurocanadian maintains its headquarters.

Frank Narby: spotted a profitable hole in the market

The Eurocanadian operations can be split into three main areas. Its traditional business is running its fleet of time chartered bulk cargo vessels and by all accounts it does this very well. If nothing else Narby can claim to being a very astute charterer of ships.

During the recent recession in the bulk shipping market Eurocanadian chartered in a considerable amount of tonnage which it now trades very profitably for its own benefit. The size of its time chartered fleet is changing constantly but at the last count it had 27 ships totalling 1.2m dwt. The profits from this operation, which is headed by Peter Twiss, help underpin Eurocanadian's confident investment policy.

This side of the business, unlike the container operation, employs very few people and requires little in terms of capital.

The second string to the Eurocanadian operation is its fleet of seven combination carriers which it has bought over the past 18 months.

Combination carriers have been around for some time. Capable of carrying oil as well as dry bulk cargoes, they are designed to be much more flexible than simple dry bulk carriers.

However, despite their obvious advantages they have not been a particularly successful investment for many shipowners. They are difficult to operate and because they are more expensive to build than simple bulk carriers they have not earned the sorts of profits that were expected of them.

EUROCANADIAN INVESTMENTS SINCE APRIL 1979	$m
7 second-hand oil/bulk/ore (obos) carriers	108
2 150,000 dwt combination carriers—Korea	115
6 70,000 dwt container/bulk ships with a capacity of 1466 boxes—Korea/Jugoslavia	180
containers, trucks, cranes etc.	55
20 Seatrain offices, 200 staff and 1,000 40 ft containers	5
8 Anglo Nordic bulk ships (1.3m dwt in total)	165
	628

Nevertheless, Eurocanadian feels that this is the ship of the future. It is more flexible than a bulk carrier and with the sharp rise in fuel prices, Eurocanadian believes that the pressure is on shipping companies to reduce the number of empty legs in a ship's journey. It has committed itself heavily to this type of ship—12 of its fleet of 15 owned ships are of this type.

Eurocanadian's combination carriers, for example, carry North Sea oil out to America and return with grain from the Gulf of Mexico. To its credit Eurocanadian bought relatively cheap ships at the right time (one of the keys to success in shipping) and, with the boom in grain and coal shipments, has been trading them profitably.

Risks

Significantly, from April last year, Eurocanadian made the decision to buy its combination carriers as opposed to chartering them in from other owners. This marked a new phase in its development. The profit potential in owning ships is much higher but so are the risks.

The third area of Eurocanadian's shipping activities is its container business which is headed by Karl Glusing. Although it does not divulge its profit figures, to judge by its rapid growth, this side of Eurocanadian's business has been successful.

It operates outside the shipping conference system and by virtue of its Montreal base does not have to file its rates with the U.S. Federal Maritime Commission.

This gives it considerably more flexibility and is a constant source of irritation to other Atlantic containership operators who see Eurocanadian creaming off their plum customers.

Originally, Eurocanadian was serving the Canadian market but it now sends more containers into the U.S. market (the ratio is about 45:55) and with the doubling of its container ship capacity by 1982/83 it aims to become a major force in the U.S. market.

It believes that the combination of its new generation of six container ships (three times the size of Manchester Liners' vessels) and its unique concept of mixing bulk cargoes and containers, will give it a competitive edge over its rivals.

However, Eurocanadian is doubling its capacity at a time when the market is already suffering from over capacity and too many operators are chasing declining cargo volumes.

With the departure, over the last three months, of Seatrain and Farrell Lines, some of the excess capacity has been shaken out, but by nowhere near enough to absorb the extra 90,000 20 ft equivalent units of capacity that Eurocanadian will be bringing on stream over the next couple of years.

The major question now is how Eurocanadian is going to fill all those extra containers that it will be transporting across the Atlantic. It has acquired a large part of Seatrain's old marketing organisation but it is not the only concern planning to increase its market share on the Atlantic.

Trans Freight Lines, part of Australia's TNT group, has been boosting its capacity significantly on the Atlantic and the C. Y. Tung group, which now owns Manchester Liners, is in the process of rationalising its North Atlantic operations.

The sheer speed and scale of Eurocanadian's expansion over the last 18 months makes a number of shipping companies wonder whether the group is growing too fast for comfort (and safety for that matter).

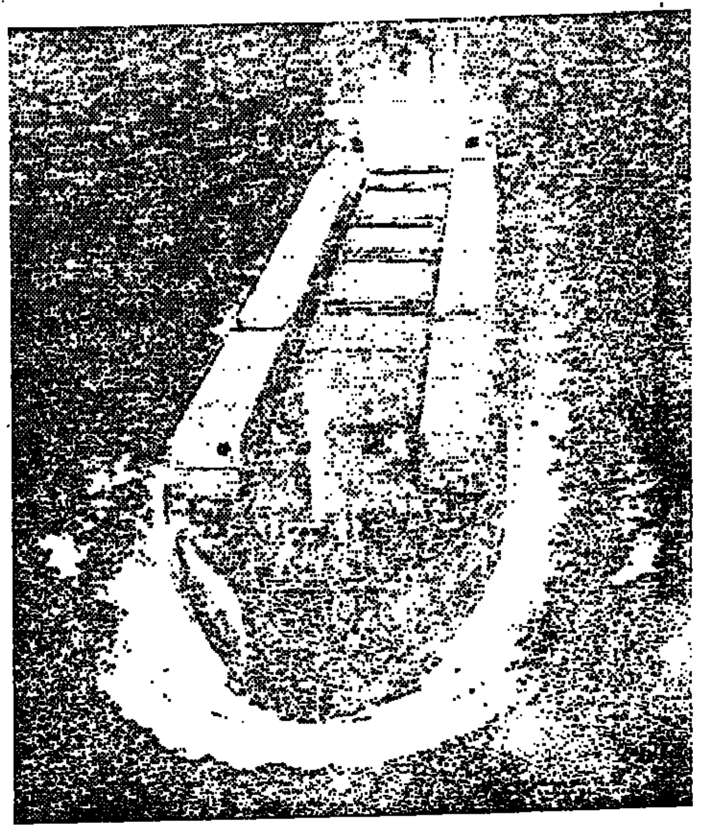
Acumen

In its original form Eurocanadian needed little capital and relied on the acumen of a handful of skilful characters to make its profits. The container operation was grafted on after Narby spotted a profitable hole in the market. But for a long time Eurocanadian relied on chartered tonnage. It did not risk its own capital.

However, Eurocanadian is now developing into a major owner of ships and with the recent acquisition of the Seatrain offices and staff, is beginning to exhibit all the paraphernalia of a large organisation. The blue boxes it uses for cargo are an increasingly familiar sight on European and North American roads and Eurocanadian now boasts a network of around 30 offices and 1,000 staff.

As a charterer of ships it could hedge its risks relatively cheaply but Eurocanadian has now made major commitments in a number of areas which are involving heavy capital investment.

It is heavily dependent on combination carriers and its belief that this is the ship of the future—a view not held by every shipping company. In addition, it is committed to becoming a major force in the transatlantic container market. The rewards are high but so are the risks.



The Cast Orca operates mainly on the Antwerp-Montreal route carrying a mixture of bulk cargo and containers

THE EUROCANADIAN FLEET

	No.	m.dwt
OWNED		
Combination carriers	7	0.9
Ex-Anglo Nordic ships	8	1.3
Total owned	15	2.2
ON ORDER		
Container/bulk carriers	6	0.4
Combination carriers	2	0.3
Total on order	8	0.7
CHARTERED FLEET		
Container/bulk carriers	6	0.29
OBO	1	0.12
Panamax bulkers	9	0.60
Open-hatch bulkers	2	0.10
Handy size bulkers (25/30,000 dwt)	15	0.42
Total	33	1.53

LOMBARD

U.S. discovers the limits to superpower

BY W. L. LUETKENS

AMERICA HAS had its great Presidents as Russia has had its great dictators. But recent vintages have not been outstanding. Did the fault lie in their stars or in themselves? The question poses itself as the choice the U.S. has made between Jimmy Carter and Ronald Reagan becomes clear.

Take the line of post-war presidents. Harry Truman, the born old-style local politician, had greatness thrust upon him. The Western alliance was shaped during his day, and the main elements are still there. NATO is the mainstay of Western military structures; the Marshall Plan led on naturally to OECD and the economic integration of Western Europe.

His successor, General Eisenhower, was the choice of grandad's America, hankering after a world of peace without upsets —solid, but hardly inspiring. It took John Kennedy to capture the imagination of young America and its desire for a more just society. But was the debacle of the Bay of Pigs, the unsuccessful attempt to oust Fidel Castro, so very unlike President Carter's attempt, last May to free the hostages in Tehran by a military raid?

Kennedy had become president by the narrowest of margins—maybe because he won the first set piece TV debate between candidates. Richard Nixon turned up badly shaved or poorly made up—an utter irrelevancy which enabled the Kennedy forces to coin an insidious question: "Would you buy a second hand car from this man?" Well, would you after Watergate? TV and the democratic process have a strange way of arriving at essentials by roundabout routes.

Freedom

It was Kennedy who steered the U.S. towards the Vietnam War, the morass in which his successor, Lyndon Johnson, foundered. That was the first war the U.S. had ever lost (if one allows Korea as a draw), and demonstrated for all to see how circumscribed are the powers of a superpower.

General de Gaulle may have been the first to perceive the *limits to the freedom* of both Washington and Moscow and to act upon that perception. Though the Russian leaders in their time have sent tanks into Hungary, Czechoslovakia and, most recently, Afghanistan, they have stopped short of issuing the kind of challenge that the West, and more particularly the U.S., could not but take up. *When the Americans discovered* Soviet missiles in Cuba and the world stood on the brink of atomic war, that most choleric of politicians, Nikita Khrushchev, backed away. But long before that Stalin himself put up with the defection of Tito's Yugoslavia.

Episode

Watergate or not, Richard Nixon recognised reality in Vietnam and the Far East at large: he extricated the U.S. from a war that was threatening to split U.S. society and he laid the foundations of a Chinese-American relationship which *has become a major element in* the world power constellation.

Gerald Ford's presidency was no more than an episode, though it was no mean achievement to begin healing the wounds left by Watergate and Vietnam. With Carter, America returned to the Rooseveltian tradition. But what it got was dictated by events elsewhere: the humiliation of having its diplomats taken hostage in Tehran, and an economic crisis unleashed largely by the explosion of the price of oil—another element in the devaluation of the super powers.

The resulting disenchantment revived the longing for picture book America, helping Ronald Reagan as it had once helped Eisenhower. Abroad, America's tendency was reinforced to treat its allies like a lot of naughty children. These are elements that have not disappeared as a result of the election: the limits to superpower remain.

Challenge of the incredible Hulkeana

GARDENS TODAY

BY ROBIN LANE FOX

BY NEXT week, I am betting on a proper frost. Every year I dread it, and particularly so this year when shrubs and border plants have made more growth than I remember in any season.

For me, it has been a superb gardening year, spoilt only by that long-forgotten spell of drought from April until May. I look out now with apprehension, like the holder of some Hong Kong stock, knowing that what goes up historically comes downll and that gardeners, at least, can do nothing beyond hoping for survival until next spring. Marginally hardy shrubs have raced for the skies, and made themselves central features of the garden.

One hard winter, and I will be left with some important gaps. So I wish to pay their residence a tribute with my turn out which may turn out *to be an obituary.*

The first, I think, is the best. Flower arrangers first discovered the pittosporum for its pretty leaves, and you can find *them now in most London florist* shops. It is the shrub with small and curly apple green leaves, slightly waxy to the touch, and well matched to dark stems. If you can spare a few branches, they are a superb accompaniment to the last of the Michaelmas daisies, and the less heavy sort of dahlia. Flower shows, however, have brought its many varieties into the open, tantalising us with sprays of pink and white variegation, silver linings and purple flushes.

There is always much to enjoy on the exhibits from Hilliers of Winchester, Hants., but their range of pittosporum has been one of this year's happy memories. Unfortunately, most of them pass from the near-hardy class to the half-hardy, so I will review them for those gardeners who have burrowed happily into the West Country in order to enjoy warm winters near the sea.

I suspect that London gardeners would have far more success than they realise with most of the best sorts, because a south facing London garden with walls and a row of centrally heated houses behind it, is almost as centred as a bolt hole on the Scilly Isles. I have yet to see a London pittosporum so you might be on to a new idea.

The common sort is handsome enough, a well-furnished shrub which grows into a handsome hedge at a height of 10 ft or so in a warm county. It is evergreen, unusual and especially desirable because its leaves are a fresh green which reflects the light. I have never seen it better than round the car park of the great azalea nurseries at Exbury, Hampshire. In such mild areas, older plants will also flower, a moment which is less memorable to the eye than to the nose, as the small bells of chocolate brown are powerfully scented, like vanilla essence. All this is fine enough, but the aptly named Silver Queen form is even better.

Its markings are a particular *harmony of silver and grey* green when seen from a distance, a shrub which is so much grander and faster-growing that the various sorts of silver holly. My young plants are well away after only two seasons, and if the winter restrains itself, they will be a match for any clump of grey green dogwood, with the added virtue of persisting all year.

In a mild garden, Silver Queen should be a first choice as a shrub against walls, or in blocks to break up a long herbaceous border. Elsewhere, it is a risk in frost, but not a bad one.

Hilliers lists and shows a host of other variegations, but I cannot pass over a special form which is for warm London walls, and chimney breasts only. Shown as Tobira, it has very long leaves which shine brightly in the sun. The effect is bolder and more leathery. The excitement lies in the summer flowers, which are cream white and scented like a rich orange blossom. In the sheltered angle of a town garden, you would stand a chance with this delicious shrub. It surprises me that most town gardens make so little of their shelter.

These evergreens grow quickly, another great point in their favour. Even so, they cannot keep up with the star turn *of all semi hardy shrubs,* the various sorts of abutilon or Tree Mallow. Hilliers again has done much for its named Hampshire forms, the *Jermyns* varieties and so forth.

They are all excellent, so you can expect nothing more than a pot-grown seedling a few inches high on delivery. They grow furiously, however, in any light and warm soil, especially on lime or above chalk. Good as the named sorts are, I am happy to raise my own from an easy seed packet, available through Thompson and Morgan, Ipswich.

For 60 pence or even 50, you can count on seedlings whose saucer-shaped flowers range widely from milk-blue to violet. Some will be too pale to interest you, but within three years of sheltered life, you will have a semi-standard shrub and the outlines of a notable presence, training on to a June flowering feature for any warm border where the branches of violet flower will draw all eyes as the irises come into their own lower down.

Many gardeners find them hardy in almost any winter if they are placed along a south facing wall or border. Like all mallows, they grow very quickly and reach a height of 5 ft in a *few seasons. The frost has* twice killed mine off as they passed the winning post. I am trying to beat it with three four-footers in three different places, but the cold has a way of catching them out.

Against a wall or in a warm town, there would be no problem. As often, they are twice as resistant to the winter if the soil is well drained. In Hampshire, they have changed the face of several good gardens, proving to be one of the great gains of the past 20 years. In London, once more, I never see them, though they... would flourish to the full.

So, too, would my own particular favourite this week, a near-hardy hebe called Hulkeana. I cannot bear to think that these words may be its funeral address, but I doubt if they will survive a very sharp spell on my high hill.

Against a south wall, it bears long and loose spikes of lavender blue flower, to a height of 4 ft, at most. Beneath a house or in a large pot, it is a superb shrub, well worth the first class certificate which the RHS allotted to it some years ago. It is evergreen, but not in the drab and chunky style of commoner hebes. I have seen it in full flower in Edinburgh, so it is not a hopeless long shot in this country.

A south wall is essential, and gritty soil with lime is much to its taste. You would have to name it the incredible Hulkeana once you had seen its elegant sprays of flower. Again, it is just the right sort of shrub against the wall of a town house front garden where it can spill loosely over the paling or gravel. I doubt if any of you grow it there, though any warm nursery worth its salt will stock it.

If the frost holds off, the winter wet will strike instead, leaving me with quite a different list of casualties. I fear a hard frost more because it kills the big things: knockish holes in a border of new maturity just when these fine plants have had their first damp summer, and put on such a promising growth.

They are too large for straw protection, too prominent for frames of ugly polythene. Hardy in warm places, they are a challenge for gardeners, who do not mind staking their bets at the start of each new winter.

Memorable 45th year for Piggott

RACING

BY DOMINIC WIGAN

LESTER PIGGOTT, who is 45 today, can reflect on another memorable year although the jockey's championship, which he sought with unexpected determination in the second half of the season, eluded him.

Piggott rode his first winner, aptly named The Chase, nearly 30 years ago, but only missed out on the classics in 1980.

Sadly, his chance of collecting a record number of classic *victories has gone.*

One has to go back to Epsom, 1977, when Piggott forced The Minstrel home, to find his last classic success but he has never *ridden better.*

Although Willie Shoemaker caught everyone's imagination in the Anglo-American festivities at Sandown recently, neither he nor Britain's headline-catching Willie Carson received the greatest applause at the end of the afternoon. By far the biggest hand was reserved for Piggott, whose three *mounts all failed to make any* impression.

Piggott is stable jockey to Henry Cecil next season. Unsurprisingly he is favourite to *land a tenth championship in* what is generally believed to be his last full season in the saddle.

In today's racing Snow Flyer's reappearance in the Marsh Benham Handicap Chase at Newbury is for many the most interesting event of the afternoon.

If Bob Champion is careful at the fences this afternoon his mount should prove too good for the likes of Zongalero, Gambling Prince and his own stable companion, Royal Judgement.

For the best bet of the afternoon I turn to Hickleton Brew half an hour later.

This six-year-old, trained by Fred Winter who formerly handled Snow Flyer, impressed all who saw him oblige on his seasonal debut.

British owner Robert Sangster, whose Detroit won the Prix de l'Arc de Triomphe, Europe's richest race, on October 5, landed the £148,500 Melbourne Cup, Australia's premier race, with Beldale, an 11-1 chance.

NEWBURY
1.00—Hopeful Shot
1.30—Penerais
2.00—Snow Flyer
2.30—Hickleton Brew***
3.00—Lumen
3.30—Sir Doro

WOLVERHAMPTON
1.15—Razorback
1.45—Ellenslad
2.15—Menai Man**
3.15—Patrick's Fair*

TV/Radio

BBC 1

† Indicates programme in black and white

7.00 am The Next President: Winner in the White House—live from the BBC studio in Washington, the full story of the result. 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 See-Saw. 2.01 For Schools, Colleges. 3.00 Speak for Yourself. 3.25 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Mighty Mouse in "Krakatoa." 4.25 Jackanory with Spike Milligan. 4.40 The Record Breakers. 5.05 John Craven's Newsround. 5.10 Grandad.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.45 Angels.
7.10 The Goodies.
7.40 Stone.
8.30 Nice Work.
9.00 News.
9.25 Strangeways.
10.05 Sportsnight.
10.55 Parkinson.
11.55 News Headlines.

All Regions as BBC1 except as follows:

BBC CYMRU/WALES—11.02-11.22 am Ffenestri. 2.18-2.38 pm Y Sgolion. Hyn O Fyd. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.05 Croesi'r Ffin. 7.35 Angels. 8.00-8.30 The Goodies. 11.55 News Headlines, News and Weather for Wales.

SCOTLAND—11.02-11.22 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.55 News Headlines, News and Weather for Scotland.

NORTHERN IRELAND—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.59 *Festival Notebook. Events in* the 18th Belfast Festival at Queen's University. 12.20 am News and Weather for Northern Ireland.

ENGLAND—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

10.20 am Gharbar.
11.00 Play School (as BBC1 3.55 pm).
†5.40 Harold Lloyd in "Why Pick on Me?" and "His Royal Slyness."
6.00 Grange Hill.
6.25 Firework Fiesta.
6.50 Embroidery.
7.15 Mid-Evening News.
7.30 Small World.
7.40 The Book Programme.
8.15 Chronicle.
9.00 MASH.
9.25 Oppenheimer.
10.20 The Light of Experience.
10.35 Cartoon Two.
10.45 Newsnight.
BBC2 SCOTLAND only—1.15-1.45 pm Cearcall.
1.45 pm Clearcall.

LONDON

7.00-9.00 am America Decides: U.S. Presidential Election. 9.30 Schools Programmes. 12.00 The Munch Bunch. 12.10 pm Rainbow. 12.30 About Britain. 1.00 News. 1.20 Thames News. 1.30 Take the High Road. 2.00 After Noon Plus. 2.45 Doctors' Private Lives. 3.45 Cabbages and Kings. 4.15 *Fanfare for Young Musicians.* 4.45 The Squad. 5.15 The Brady Bunch. 5.45 News.

6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 London Night Out.
9.00 Love in a Cold Climate.
10.00 News.
10.30 Mid-Week Sports Special.
11.40 Enterprise.
12.10 am Close: "Sit Up and Listen" with Edward Heath.

All IBA Regions as London except at the following times:—

ANGLIA

9.15 am Jobline (guide to those seeking employment in the East Anglia region). 12.30 pm The Riordans. 1.20 Anglia News. 2.45 Young Ramsay. 5.15 Life Begins at Forty. 6.00 About Anglia. 11.40 SWAT. 12.35 am The Big Question.

ATV

12.30 pm The Riordans. 1.20 ATV News. 2.45 Young Ramsay. 5.15 Life Begins at Forty. 6.00 ATV Today with ATV News. 6.05 Crossroads. 6.30 ATV Today. 10.40 ATV News. 11.45 Late Night Country Music: Dolly Parton.

BORDER

1.20 pm Border News. 2.45 Young Ramsay. 5.15 The Lost Islands. 6.00 Lookaround Wednesday. 11.40 Take the Mick. 12.10 am Border News Summary.

CHANNEL

12.30 pm The Riordans. 1.20 Channel Lunchtime News, What's on Where and Weather. 2.45 Fantasy Island. 5.15 Emmerdale Farm. 6.00 Channel Report. 10.28 Channel Late News. 11.40 The Electric Theatre Show. 12.05 am Epilogue followed by News and Weather in French.

GRAMPIAN

9.30 am First Thing. 12.30 pm The Riordans. 1.20 North News. 2.45 Young Ramsay. 5.15 Batman. 6.00 North Tonight. 11.40 Reflections. 11.45 Late Night Country Music—Dolly Parton. 12.15 am North Headlines.

GRANADA

12.30 pm The Riordans. 1.20 Granada Reports. 2.00 Live from Two. 2.45 Young Ramsay. 5.15 Life Begins at Forty. 6.00 Granada Reports. 6.25 This Is Your Right. 11.45 The Odd Couple. 12.10 am The Jazz Series, with George Chisholm and his Gentlemen of Jazz.

HTV

12.30 pm The Riordans. 1.20 HTV News. 2.45 Chopper Squad. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 The Longest River. 6.45 Report Wales. 10.28 HTV News. 11.40 Superstar Profile.

HTV CYMRU/WALES—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.45-5.15 Ni A Nhw. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

9.00 am Josiah Wedgwood and the English Pottery. 12.30 pm The Riordans. 1.20 News Headlines. 1.30 Out of Town. 2.45 Family. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Toye's Talk Back. 6.30 Report. 11.40 Late Call. 11.45 Brass in Concert.

SOUTHERN

12.30 pm The Riordans. 1.20 Southern News. 2.00 Housepatty. 2.45 Young Ramsay. 3.20 Superstar Profile. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Day by Day. 6.30 Scene Midweek (South East area only). 11.40 Have Girls Will Travel.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 12.30 pm The Riordans. 1.20 North East News. 1.25 Where the Jobs Are. 2.45 Fantasy Island. 5.15 Gambit. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News. 11.40 Portraits of Power. 12.10 am Do It Like.

WESTWARD

12.30 pm The Riordans. 1.20 Westward News Headlines. 2.45 Fantasy Island. 5.12 Gus Honeybun's Birthdays. 5.15 Emmerdale Farm. 6.00 Westward Diary. 10.31 Westward Late News. 11.40 The New Avengers. 12.35 am Faith For Life. 12.40 West Country Weather and Shipping Forecast.

YORKSHIRE

12.30 pm The Riordans. 1.20 Calendar News. 2.45 The John Smith Show. 3.15 The Entertainers. 5.15 Against the Wind. 6.00 Calendar (Emley Moor and Belmont editions). 11.40 The Amazing Years of the Cinema.

F.T. CROSSWORD PUZZLE No. 4,418

1		2		3		4			5		6		7		8

ACROSS

1 Pet given a hair-do in underground resting place (8)
5 A copper joins soldiers of discernment (6)
10 Golly put next to sweet (2, 3)
11 Tommy willing to persevere (7, 2)
12 Day first class turns into another form of gratification (9)
13 Went to pray for king with student in clear (5)
14 Trust about king of arms (4, 2)
15 Plant bringing ruin to fowl (7)
18 Down in the mouth professional (7)
20 Time to mature (6)
22 Beer is taken in part of church (5)
24 A brown youth leader to assess regardless (2, 3, 4)
25 Total taking on 14 (5, 4)
26 A position Pole finds strange (5)
27 Leave a right to enter small branch (6)
28 Wisdom of taking Mrs. Grundy to northern church (8)

DOWN

1 Painter finishing all square (6)
2 Tipsy soldiers at home need close control (5, 4)
3 Boardman put in charge of party (7, 8)
4 Girl one takes on assignment (7)
6 Coward goes over state of dish (7, 8)
7 Reinforcements take in southern code (5)
8 Number putting one off score (8)
9 Settle for embrace (6)
16 Article calling on side-line (8)
17 Promoted before one's time (8)
19 Vagrants' skill upsetting politicians (6)
20 Point to food preserver used in X-ray department (7)
21 Meeting expected to show some spirit (6)
23 Defeat left by a feller (5)

Solution to Puzzle No. 4,417

P	U	T	O	N	E	A	C	R	O	S	S		
L	U	C	I	F	E	R		O	C	E	L	L	A	R
				I	N	D	I	A	N	C	L	U	B		B	E	E	F
G	O	R	E		C	R	O	S	S	B	O	W	E	R
S	U	N	R	I	S	E		E	M	O	T	I	O	N
D	A	M	I	S		M	A	S	K	E	R	Y	

Radio Wavelengths

1	1053kHz/285m, 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m, 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic Broadcast
‡ Medium Wave only

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.02 Andy Peebles (from the Roadshow studio). 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates with Tony Blackburn out and about in the radio car. 4.32 Peter Powell. 5.31 Radio 1 Mailbag. 7.31 Mike Read. 10.02-12.00 John Peel (S).

VHF RADIOS 1 AND 2—5.00 am With Radio 2. 8.02 pm Listen to the Band (S). 8.45 Alan Dell. 9.15 Semprini Serenade with the BBC Radio Orchestra (S). 9.55 Sports Desk. 10.02 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am American Election Special (continued). 7.32 Terry Wogan (S). 10.03 Susannah Simons (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show. 4.03 Much More Music with David Symonds (S). 6.03 Bob Kilbey (S). 8.02 European Soccer Special. 9.30 Semprini Serenade (S) (joins VHF). 9.55 Sports Desk. 10.02 Stop the World. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 ... 12.05 am Brian Matthew presents Round Midnight. ... With Radio 2.

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice: Part 1 (S). 8.00 News. 8.05 Your Midweek Choice, Part 2 (S). 9.00 News. 9.05 This Week's Composer: Telemann (S). 9.45 The Organ at Leeds Town Hall (S). 10.45 Guillaume de Machaut: Messe de Notre Dame (S). 11.45 Berg and Prokofiev: Concert, part 1 (S). 12.05 pm Interval Reading. 12.10 Concert, part 2 (S). 1.00 News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Songs and Piano Music (S). 3.35 Scottish Chamber Orchestra: Concert, Part 1 (S). 4.10 Interval Reading. 4.15 Concert, part 2 (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Scientifically Speaking. 7.45 Spanish Baroque Music (S). 8.00 BBC Symphony Orchestra: Concert, part 1 (S). 8.40 Six Continents. 9.00 Concert, part 2 (S). 10.05 The Festival Scene. 10.25 Ramzi Yassa: Piano Recital (S). 11.00 News. 11.05-11.15 Rameau (S).

RADIO 4

6.00 am News. 6.10 Farming Today. 6.30 Today, including report from New York on the result of yesterday's Presidential Election. 8.50 Yesterday in Parliament. 9.00 News. 9.05 Mid-week: Sherrin After Breakfast. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 My World (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.00 Choral Evensong (S). 4.45 Short Story. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 The Senior Partner. 7.00 News. 7.05 The Archers. 7.20 *Richard Stilgoe's Bonfire Traffic Jam* Show (S). 7.45 The Reith Lectures 1980. 8.15 Sounds Natural. 8.45 Fils on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Lord Peter Wimsey. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00 *Question Time from the House of Commons.* 8.00-5.00 am Join Radio 2.

London Broadcasting

5.00 am AM — Bob Holness and Douglas Cameron, including coverage of the U.S. Elections in Washington. 10.00 Brian Hayes live from Washington. 12.00 LBC Reports. 6.00 pm *After Eight Special*—Brian Hayes. 9.00 Mike Dickin—Nightline, includes WMCA New York Link-up. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 Network. 5.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Graham Dene (S). 3.00 pm Roger Scott (S). 7.00 London Tonight with Bryan Wolfe (S). 9.00 Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Richard Allinson's Night Flight (S).

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THE ARTS

Royal Shakespeare Theatre

Richard II

by B. A. YOUNG

Stratford's itself again. *Richard II* has the old full-blooded look, the costumes rich, the settings, though stylised, breathing out the air of monarchs. As we begin, the King stands before a costly panel of gold inlay and dons his crown with a gesture that speaks wordlessly of his divine right. Later this panel inclines backward to give a big open stage to which men climb up unseen stairs upstage, sometimes to fine effect, as when the savage Welsh come, lit from behind, to learn that they are too late. The top of the panel serves as the battlements of Flint Castle; though I think it is asking too much to have the King descend into the base court down its precipitous slope, like Dracula leaving his castle for a night's depredations, speaking his resigned lines as he goes. Terry Hands is the director, Farrah is the designer.

The King is Alan Howard, decked in a shoulder-length blond wig, *moving always with youthful grace and a regal dignity even in prison*—a rather roomy prison that mutes the feeling of suffering he ought to manifest, but gives space for Exton's band of murderers, nine of them, to put up a stirring fight against his valiant resistance. Grace and dignity are, however, not quite enough, for *Richard must speak some of the best poetry Shakespeare ever wrote and Alan Howard's way with poetry* is not the way I prefer. At the great speeches, his gravelly voice either rises to a high note and stays there, or it describes an aria where the inflections are chosen for their music rather than their sense. A lot of people can take this, I know; to me it destroys the meaning of the verse. Yet *Mr. Howard's acting is sensitive; there were details, for instance, in the early scenes, where favour to one side or the other was signalled with a half-smile or a half-sneer that I enjoyed very much.* And what other king *would* have been looking at himself in a glass as he says: "*We will ourselves in person to these wars?*"

John Suchet's Bolingbroke, a very good performance, makes *a total contrast. He is an intellectual, reserved in manner, modest in dress. (After he becomes King, he grows a little grey beard and wears spectacles.)* It is true that he has *not the same class of poetry to speak;* but when he treats the lines as drama, and not as opera, this brings out the innermost feeling more effectively.

For me, the best delivery of any single line was undoubtedly Bruce Purchase's Northumbrian growl of "I think it is the Bishop of Carlisle." But my favourite performance of the evening came from Tony Church *as the Duke of York, who is so completely master of what he is saying that he can say "Grace me no grace, nor uncle me no uncle"* and make it sound like everyday conversation. In the comic episode at the end, where he and his Duchess contest for the foregiveness of their son Aumerle (Jonathan Hyde) he is never without dignity even if he is tugging his boots from below his wife's feet. As his brother John of Gaunt, *Raymond Westwell is oddly cast; as broad as he is tall, yet still the object of jokes about his gauntness and his leanness. He looks as fit as a flea, and dies very* vigorously, on stage thus forcing an interval after the King has impounded his property and left him in his chair attended by four monks.

Domini Blythe, her long fair hair halfway down her back, is a moving Queen, who never allows her sadness to overcome her self-possession. Her torch-lit farewell as the King is taken *to Pomfret is beautiful to see.*

Alan Howard and David Suchet *Leonard Burt*

New Theatre, Cardiff

Tristan und Isolde

by DAVID MURRAY

Astonishing on Saturday to see a few empty seats at the Welsh National Opera's *Tristan*, being conducted here—and in Coventry and Oxford, already sold out—by Reginald Goodall for the last time before they record the opera. The orchestra plays wonderfully well for Goodall now, with that full warmth in the lower register that has so special a weight in Goodall's balance of a Wagner score. Enriched by only some 18 extra players, their sound filled the New Theatre satisfyingly and with great expressive clarity. The splendours of Goodall's reading have been widely catalogued —exploratory and passionate, not just sage and searching. I should instance with special awe the consistently glowing inner parts, the extremely dramatic treatment of the Act 3 prelude, that rendered it somehow more desolate, and the brilliantly achieved contrast (almost always blurred) between the overwrought, unstable climax of the Act 1 prelude and the serene peak of the *Liebestod*.

I believe there are only minor adjustments to Peter Brenner's original production in Timothy Tyrrell's revival (a pallet for the failing Tristan, for example). It cannot be only the discarding of a famously unbecoming wig that accounts for the new strength and ripeness of John Mitchinson's Tristan. He now looks a battered warrior—Tristan is no Belmonte, after all—and sings with secure authority: no lunges for upper notes, a virile depth of tone, grandly hewn phrases. The outer acts found him at his best, like everybody else; Tristan's last transports were perhaps flurried, but his earlier self-recall and the fraught Act I encounter with Isolde were wholly compelling.

Act 2 began exquisitely, and declined into something lit and under-directed. Brangäne's calls were delivered from a box in the theatre itself, sacrificing the enchantment of acoustic distance—though Anne Wilkens sings the role with acute sympathy. The last section of the great duet missed the essential spring forward, and the King Marke of Geoffrey Moses, a promising study in refined melancholy, hasn't yet the measure of his long paragraphs: too much on a level, Marke's extended reproaches flagged.

Phillip Joll captured the bluffness and the volatility of Kurwenal to admiration—I have not seen the case for a youthful Kurwenal more persuasively or movingly made. As for the Isolde, Linda Esther Gray continues to develop magnificently. The range and power of her first-act exposition brooked no argument; her *Liebestod* was not a dignified concert-piece, but a matter of exalted immediacy. Only Miss Gray's German falls seriously below the standard of all the rest of her performance (just passable in the theatre, it needs attention before the recording): Nicholas Folwell made the torn loyalties of Melot unusually vivid. On disc, this Goodall *Tristan* will be something to treasure, as those who saw it will not need to be told.

Television

Cheating on the chit chat

by CHRIS DUNKLEY

There was an extraordinary kerfuffle after this column warned its readers in February last year that plans were afoot to axe the daily BBC1 current affairs series *Tonight* to make way for a chat show four nights a week. Michael Parkinson was to present more shows and other "hosts" would be brought in to broadcast chat shows from a theatre in central London. BBC2 might eventually mount a late night current affairs programme on weekdays but even then the effect over all would be to reduce the BBC's serious daily current affairs series by half.

Instead of *Tonight* late on BBC1 and *Newsday* early on BBC2 there would be just a single late night BBC2 series. Since the plan introduced yet more showbiz chit chat at the expense of current affairs it was seen here as one more move in the BBC's drift towards the mediocre, a normally imperceptible movement which becomes clear when you stop and compare the proportion of trivia in today's output to the proportion in the past.

It seems that the headline over that article "The BBC's race towards trivia" featured in a heated discussion at a BBC governors' meeting shortly afterwards, and opposition to the scheme among the governors was by all accounts pretty vigorous—a fact that was rapidly conveyed to BBC Television managing director Alasdair Milne and BBC1 channel controller Bill Cotton.

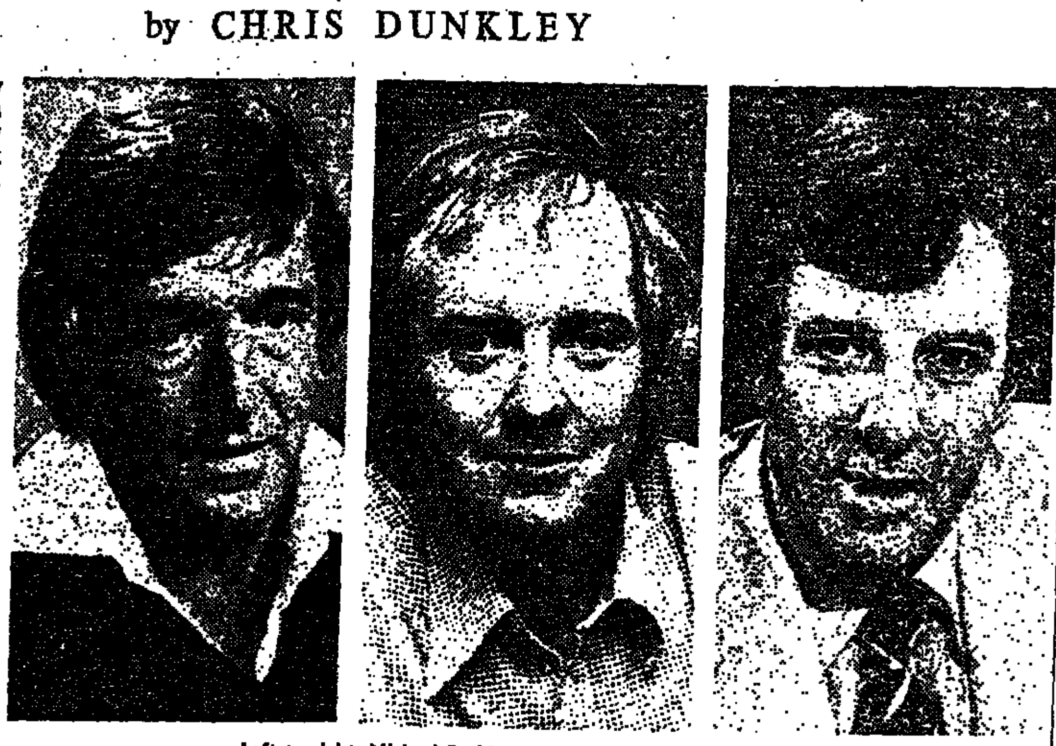
Milne asserted repeatedly that it was "intolerable" that he should be accused of presiding over the trivialisation of BBC output but it was soon announced that the four-night chat show plan had been scrapped. *Tonight* was indeed to be axed but instead of three extra chat shows per week there would be just one extra, plus a televised version of Radio 4's *Any Questions* and a serious political interview-discussion programme on Thursdays.

Now, 21 months later, looking through the schedules what do you find? *Tonight* has gone as predicted from BBC1, and BBC2 which used to call its daily current affairs programme *Newsday* and mount it early in the evening now calls it *Newsnight* and transmits it at 10.50. Thus the BBC's output of even fairly serious topical current affairs has been drastically reduced precisely as was feared. And chat shows? The BBC is now running five a week.

The scrapped plan to increase the number of chat shows from one a week to four which failed because of the vociferous opposition of the governors, the BBC's own current affairs staff and the Press, has now been achieved and even exceeded by a process resembling Grandmother's Footsteps: just a little at a time when nobody was paying much attention.

First, Parkinson was given the extra midweek spot. Then *Friday Night Saturday Morning* was introduced with various chairmen. Now Russell Harty has been brought in and given a regular Thursday chat show transmitted from Manchester and a Tuesday series broadcast from a theatre in central London. No doubt it will be claimed that this is all quite different from the old plan because although *Parkinson* is on BBC1 *Friday Night* and *Russell Harty* are on BBC2. That is true, but far less important to viewers, I imagine, than the fundamental fact that, looking at BBC output as a whole, the number of chit chat series has multiplied by five while serious daily current affairs series have been halved.

Of course one can sympathise with the argument that current affairs series are expensive, and that the BBC has not been given the licence fee it asked for. If you cannot afford to make proper programmes it must be very tempting to make more and more things like *Russell Harty* instead, but even for an impoverished BBC there must be limits.



Left to right: Michael Parkinson, Tim Rice, Russel Harty.

The central item of Harty's first programme was a chat with Malcolm McDowell publicising his latest film which both men described as pornographic and McDowell loudly urged everyone not to see. The effects on box office takings are not hard to imagine. Much of Harty's second programme was devoted to a man named Harding who appeared to have been studying Lance Percival recordings from the nineteen-sixties: words such as "bum" loomed large and the *climax was a comic calypso.*

Which is *not to suggest that* there is no such thing as a good chat show. *Friday Night* has shown several times what can be done when you get a presenter of reasonable intellect who has some of the showman's instincts and a feel for popular culture. At their best Tim Rice's shows have been highly entertaining and unusual enough to keep one watching happily to the end. Desmond Morris's edition with its intriguing (even *though ultimately unenlightening) discussion of "those two four-letter words"—which* Morris spelled out but *never pronounced*—was bright and sharp enough to make one wish that if we must have so many chat shows Morris could present more of them, but no doubt he has better things to do.

Newsnight's claim to fame is that it is the first regular series ever to bring together the BBC's *competing* empires of news and current affairs. *The problem of finding the "right" mixture for* such a programme is *of course* insoluble; every viewer has his own unique combination of preferences and priorities.

Its reception was generally lukewarm and although its revolutionary (if quiet) use of a moderate amount of opinionated comment to back up the reports from its expert correspondents was welcomed here, *other habits were not: its rum use of the news headlines and Newsnight's own agenda in the middle of the programme for* instance, and the busy-busy newsroom background behind news reader Fran Morrison, Peter Snow's oddly condescending tone was noted too, and worst of all the programme's upholding of the traditional attitude that "news" means political, industrial and economic disasters and that subjects such as opera, fashion, literature and painting cannot ever create news.

Happily much of this has changed. *Now that it is settling* down the series is dropping many of the dotty ideas which all such series feel necessary at the start to prove their difference. The newsroom background has disappeared. The news itself generally comes at the end of the programme and "our top stories tonight" has gone. Snow sounds as though he is addressing normal adults and John Tusa has proved an impressively clear presenter.

Best of all the programme *periodically* includes items from *among those* previously taboo subjects—*sometimes with Fran Morrison reporting.* Last week they managed the Pissarro exhibition and a report on American popular singer Ry Cooder, who was back-announced frankly but charmingly by Tusa with the admission "I won't pretend I'd heard of him three hours ago but he sounds very interesting!"

Though the coverage of Polish affairs, especially analytical and interpretative coverage, has been thin as on the rest of television, *last week's five editions of Newsnight did offer a highly informative report on the Maze Prison, several good pieces from* Charles Wheeler on the American election, contributions from two women journalists (Elizabeth Drew in the U.S. and Sarah Hogg in London) which proved there are intelligent and articulate women journalists around if only television will trouble to look. *Best of all was Thursday's report on the Labour leadership meeting in Islington which reflected well on everyone—Newsnight* and the BBC for having the initiative to do it—and the Labour Party and Islington CLP for allowing it.

There were only two disappointments—the non-appearance of BBC Radio's Roger Cook who featured early on in the series, and the virtual disappearance of that informative and civilising element of comment from BBC *correspondents.*

The BBC *has not forgotten how to produce a high level of* television journalism. *Newsnight* proves it, and *other series* show how the corporation can still excel in almost any area it chooses. With *Strangeways*, BBC 1 is sustaining the admirable tradition of *Public School, Hospital,* and *Sailor.* In *Oppenheimer* BBC 2 has found a subject for documentary-drama *which is not* only fascinating but enormously important and too often ignored. *Not The Nine O'Clock News* is so good it seems to pass in about 10 minutes and this new batch is proving that in Pamela Stephenson they have found a comedy talent for timing and impressions (a magnificent Kate Bush this week) which is downright unfair when allied to such good looks.

When it wants to, the BBC *can still beat the rest of the world for quality.* Yet in *percentage terms the continuing slide towards the trivial cannot* be ignored, and even if poverty must take some of the blame it cannot take it all.

Covent Garden

Otello

by DAVID MURRAY

Luck has attended Verdi's *Otello* at the Royal Opera this quarter-century; the ancient Wakhevitch sets (resourcefully lit now by an unnamed hand) have the status of talismans. The cast of Monday's revival maintained the splendid tradition, though always — which is part of the tradition too — in strongly individual ways.

Jon Vickers' Moor is familiar to the house, as a cyclone might be said to be a "familiar" experience to Pacific islanders. From his entrance with the "Esultate!", and that massive prowling gait that seems to have been acquired on some planet far denser than ours, he conveys a man enraptured by triumph and proud command. The catastrophic fall is measured from that treacherous peak. Nothing less could justify the wrenching intensity with which he lives his progressive ruin, ever more desperately enclosed within himself, visibly assailed by invisible blows. There is alarming pressure in the voice (note-values are regularly bent as Vickers and the role take total possession of each other), and iron dramatic control.

His Iago is Renato Bruson, suavely subservient and deadly serious. The deliberate "Credo" had the considered force of a *q.e.d.* and could not more have been concluded with the bad old diabolical laugh than by a somersault. It is a very watchful Iago, his every utterance aimed at testing the reactions of others. Some may miss a more brazen ring in his cool baritone; but it is apt that he should sound such a stranger to the world of Otello's passions. Again, the Desdemona of Teresa Zylis-Gara—exquisitely sung with a flawlessly poised line—is an innocent foil, all unquestioning devotion.

Robin Leggate repeats his honourable greenstick Cassio, and Elizabeth Bainbridge her sensible, weatherbeaten Emilia. Roderigo and the Venetian Ambassador are safely in the hands of John Dobson and Joseph Rouleau. Colin Davis gives an energetic, masculine account of the score.

St. John's, Smith Square

Dench's Kinjiki

by DOMINIC GILL

The Society for the Promotion of New Music has gone about planning their programmes this season with unusual enterprise. It speaks of a certain new determination, and a willingness to take risks, to mount as one of the major events of their series a concert consisting only of an open rehearsal followed by the first performance of a new orchestral work by a virtually unknown young composer.

That composer was Chris Dench—in his own estimation, "the public name of an individual . . . who prefers to remain anonymous;" and the work, *Kinjiki*, for 30 instruments after the novel by Yukio Mishima ("Forbidden Colours") of the same name.

Mr. Dench had been further advertised by his hosts as "following in the footsteps of the *bêtes noirs* of British contemporary music, Brian Ferneyhough and Michael Finnissy. His music is of transcendental technical difficulty; uncompromising and provocative." We may charitably assume that the SPNM meant not *bêtes noirs, but enfants terribles:* and that Mr. Dench (b. 1953), more *enfant* than *terrible*, probably means very well. But the fact remains that he shares with his older masters Ferneyhough and Finnissy a fatal penchant for extreme density — which is to say, an inclination to pile notes so fast and so thick on to the staves of his score that not a third of them are audible, and those which are stand out like flowers in the mud.

The simile was suggested by the composer himself, who spoke with evident satisfaction, during one of his commentaries on the rehearsal, of "muddy textures out of which certain details emerge." And I should declare myself at this point straight away as one who is heartily sick of the school of muddy textures—which are used neither for colouristic, nor harmonic, nor dramatic effect and serve no perceptible purpose except that of massive obfuscation. In all the 17½ minutes of *Kinjiki*, there were perhaps two brief minutes of clarity: a delicate, shimmering texture (such as that accompanied by sustained strings imitating a chorus of reeds), and a fistful of little cadenzas (to accompaniment of wind instruments imitating the Japanese *shot*).

For the rest, valiantly delivered by the London Sinfonietta under Simon Bainbridge, a disturbed and turbulent polyphony of clotted movement and curdled conceits—as far in its sound-world from the precise close-focus anarchy of Ives or the micro-polyphony of Xenakis or Ligeti as from the dreamlike cloud of music that wafts through the pink gauze curtain of Stockhausen's *Trans*. There, the density of the music is integral to its purpose: in hands like Dench's, the effect and the technique become no longer merely adjuncts of, but a substitute for, real musical invention.

Palladium

Lena Horne

Lena Horne is playing the Palladium this week and should be seen. For a start she is a visual wonder, a blatant 63-year-old showing no sign of wear or repair and able to disco dance the night away. Then there is her personality. Apart from some bitter harping on her mistreatment by Hollywood around 1940 Lena Horne is as relaxed, charming and interesting as you could wish, with a natural manner so rare among old time entertainers. She does not flatter the audience — the ovation at the end is as near spontaneous as dammit.

Finally there is the voice, as creamy, caressing, and controlled as ever. There are a few *mannerisms in her posture but not in her delivery* which is pure and persuasive. Her phrasing is brilliant, especially in "Bewitched, Bothered and Bewildered" from *Pal Joey* which she sings with the original suggestive lyrics. For once "the older woman" looks like the real thing.

Lena Horne is not afraid of youth and peppers her generously long act with new songs, but the best moments are when she sings again "Just one of those things"; "It's alright by me"; "*The lady is a tramp*"; "*Stormy weather*," and more.

ANTONY THORNCROFT

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The monetary muddle

THE NEW banking figures confirm the warning clearly given by the money-market turmoil last make-up day: the British system is a seemingly bottomless store of distortions and special factors, spreading a thick fog over any underlying trend in the economy. Last month monetary growth seemed to have slowed to a very moderate pace; but that was partly because of the unwinding of distortions which had caused an alarming spurt in the August figures. Now we learn that new distortions have produced a new acceleration in banking in October. This manic-depressive cycle will no doubt grind on to produce illusory reassurance in November.

Reforms

It need hardly be said that such an erratic statistic makes a woefully shaky foundation for the Government's central economic strategy; and it is no doubt in the hope of abolishing some of the distortions which arise from our own uniquely complex system that technical critics of the authorities urge sweeping reforms. Unfortunately there is little in the record of any other country which is attempting to impose monetary restraint on strong inflationary pressures to suggest that there is some other model with a smoother braking system. The swings in the U.S. money supply and the corresponding swings in interest rates, which have been a considerable issue in the Presidential election, make our own methods look almost stable by contrast. Only a smoothly functioning economy seems to produce smooth credit statistics.

The particular distortions which have so far been detected in the October figures may appear to be of an essentially short-term kind, which could be allowed for in a suitably smoothed series of figures. High money market rates prompted a strong move by private and public sector borrowers to use their overdraft facilities to repay moneymarket debt. Since the money supply essentially measures the share of the banking system in total credit intermediation, the money supply rose in sympathy.

Unfortunately it is not as simple as that. If the banks were winning an unusually large share of the market, then the October rise can be regarded as a pimple on the trend. If, on the other hand, the banks were simply bidding back business from parallel markets which would normally be theirs, then the October figures represent the surfacing of a previously hidden growth of credit; growth was excessive, but no one knows when.

These monthly dramas not only make it hard to know just how the underlying demand for money and credit is moving; they also distract attention from the important question of why credit demand remains so persistent in a very depressed economy. The present official guess is that lending is now running at perhaps £750m a month, still far too high to rouse any hope that the monetary target will be attained in a tolerable period; yet demand is falling, activity is falling much faster, industry is liquidating stocks and the current account is in strong surplus. All these factors, it might be hoped, would reduce the demand for new credit.

Unfortunately, it is easy to list influences working the other way. Because of the extreme strength of sterling — itself partly a result of monetary actions—profits have collapsed. Stock liquidations go largely to fill a gaping hole in cash flow.

Bank interest

Secondly, costs are still very high compared with a year ago. Wage increases may have moderated in recent months, but the year-on-year comparison is still forbidding. Meanwhile oil prices, nationalised industry charges and local rates are all imposing further strains on corporate finance.

Finally, and perhaps most important quantitatively, the quarterly debiting of bank interest charges and crediting of deposit interest is itself a strong influence on monetary growth, and will continue to be so as long as a large part of the corporate sector is in acute financial distress, and being kept afloat by the banks.

All this suggests that the distortions in the money figures are not due merely to short-term events in the markets. To some extent monetary growth measures the impact of measures taken to restrain inflation, and may do so for a long period before the economy attains a depressed equilibrium. In short, the conduct of a monetary squeeze is not a matter of handing over to an automatic pilot. Ministers and their advisers must make difficult judgments of current and future trends if they are to make timely adjustments to the instruments of policy.

New trends in communism

COMMUNISM IS a revolutionary movement: its leaders — and opponents—ignore that at their peril. Its doctrine is dialectical materialism, and the dialectic implies movement, alteration, and change. Conservative communism is a contradiction in terms. In the Soviet Union it has led to a stagnation of ideas and of ideology; in eastern Europe it has signally failed to win mass loyalty.

Now the lesson is beginning to sink in in the West: the Italian Communist Party has begun to question the concept of the "historic compromise" with the Christian Democrats associated with the Communist leader, Signor Enrico Berlinguer. He believes that his party might enter the corridors of power in friendship with the Christian Democrats, rather than the Socialists.

Afghanistan

In order to understand the Berlinguer strategy it is necessary to bear in mind three basic elements: Italy is an overwhelmingly Catholic country, though communism could grow on the fertile soil of an anti-clerical tradition. Second, Soviet behaviour in Hungary, Czechoslovakia, and again in Afghanistan seriously handicapped any Moscow-line Leninist-Stalinist party. Finally, the economic upsurge of the 1950s and 1960s was hardly calculated to produce a revolutionary situation.

Allowing for obvious differences, the three points cited above apply to two important communist parties in their time associated with the concept of "Euro-Communism," those in France and in Spain. In Spain the leadership of Sr. Santiago Carillo has become subject to much the same questioning as that of Sig. Berlinguer in Italy. The party has taken a stand in favour of the European Community, in favour of a pluralist democracy, and—like its Italian comrades—against Soviet intervention abroad.

Sr. Carillo's critics think that his strategy is not advancing the party's cause. It is indeed losing influence to the Socialists in the trade union world which is the real base of Communist influence in Spain. As in Italy, nothing has been settled either way: the struggle within the party continues and its outcome is unpredictable.

The French Communist Party under M. Georges Marchais always was less sanguine about Euro-Communism than were the Italians and Spaniards. M. Marchais, for instance, has not allowed himself to be tied down to a condemnation of the Soviet invasion of Afghanistan.

Moreover, he has ruptured the Union of the Left with the Socialists which, in 1974, put up a joint Presidential candidate in the person of the Socialist leader, M. Francois Mitterand. The Marchais strategy is to regain for the Communists the role of spokesman for the French working classes, a role which they have been in danger of at least having to share with the Socialists. M. Marchais's intention to run for the Presidency, though he is sure to lose, is a symbol of that strategy.

Co-operation

In Spain, where the Socialists are the larger of the two parties of the Left, they do co-operate at local level. But in national politics Socialist - Communist rivalry is strong. Some Italian Communists seem to be attracted by the popular front formula, mindful, perhaps, that together the two parties won a majority of the popular vote in the general election of 1976. But Sig. Bettino Craxi, the Socialist leader, has been moving his party away from the Communists.

For the Communists in all three countries the moral seems to be that if they try to look too much like democratic socialists, voters may go all the way and vote Socialist. For the Socialists there is the cautionary remark of Kurt Schumacher, postwar leader of the German Social Democrats who, when someone said that after all Socialists and Communists were brothers, grunted: "Yes—Cain and Abel."

FOREIGN EXCHANGE

The currency roller coaster

By David Marsh

THE AUTUMN currency roller coaster regularly gives central banks a bumpy ride as footloose international funds power their way around the foreign exchanges after the end of the summer lull.

But this year the switchbacks have been sharper than usual as currencies career down a new track. The normally smooth-running Deutsche Mark has been spectacularly derailed, while smaller-engined currencies are mounting the gradients so fast that their Governments are developing a fear of heights.

Breaking the golden rule of the foreign exchanges that a low inflation rate guarantees a strong currency, this year hot money from the Middle East oil states and elsewhere is flowing into the high-inflation currencies, seeking out the highest interest rates.

The result has been dramatic switch in economic policy preoccupations among the major countries. With the U.S. dollar, for once, out of the firing line, Britain and France face the problems of excessive currency appreciation, while West Germany and Switzerland wrestle with the unfamiliar spectre of devaluation.

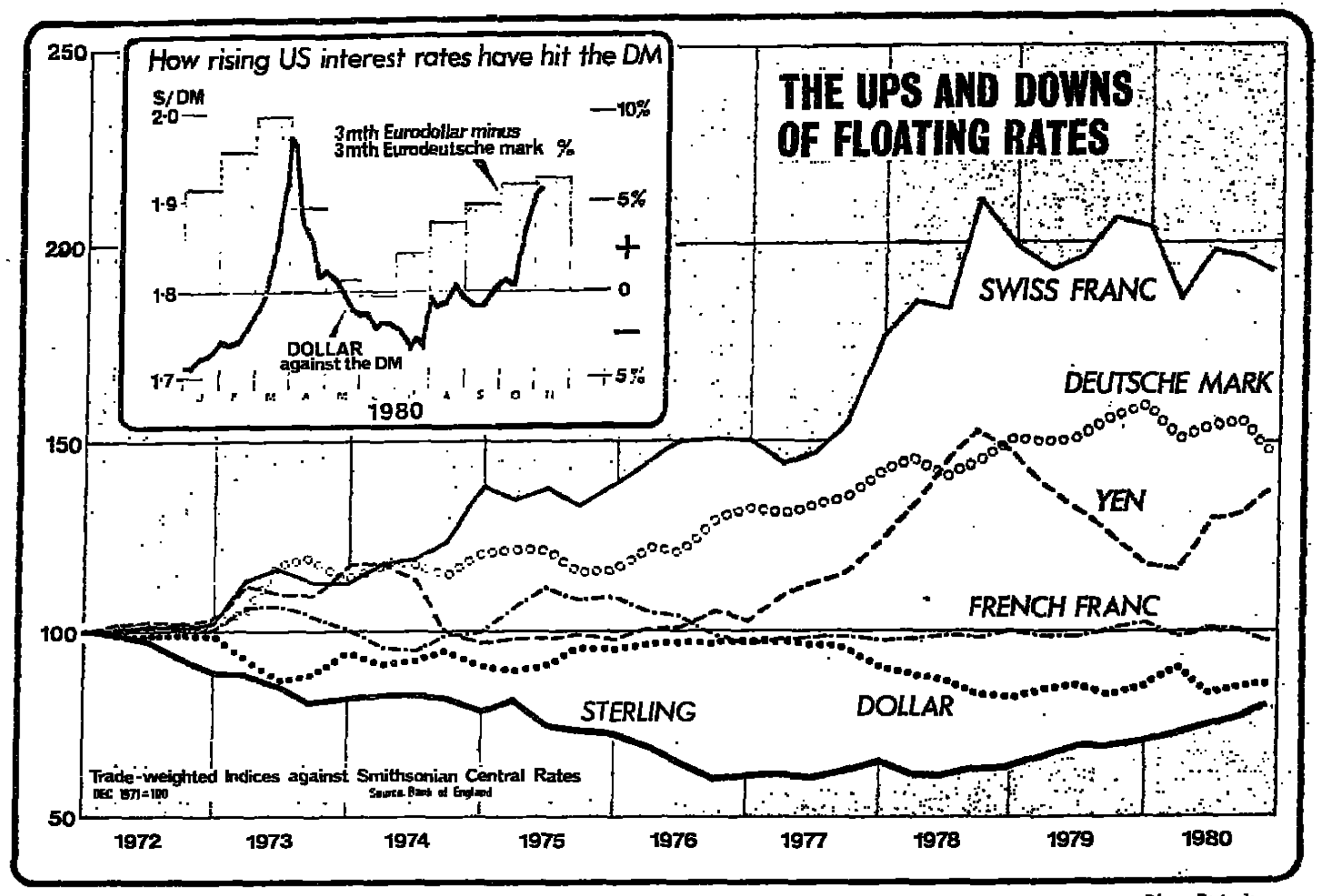
Beyond the immediate problems, perverse movements of funds from the low—to the high-inflation currencies—a feature of the foreign exchange markets for two years now—are creating nagging longer-term anxieties. The shifts could be storing up exchange rate troubles for the future, just as similar periods during the 1970s led subsequently to sharp reversals when currencies moved too far out of line with underlying inflation rates.

The headaches are not confined to economic policy-makers. The growing volatility of interest-sensitive capital flows around the world naturally shows up on the delicate seismograph of private business, already shuddering under the impact of the international recession.

The pressures on the foreign exchanges of the past month or so help explain why British and French exporters are complaining about drastic losses in international competitiveness; why industrial borrowers in West Germany and Belgium have to pay interest rates five or six points above the level of inflation; and why Japanese companies, because of the renewed strength of the yen, will shortly once again be reporting sharply depressed profits on overseas sales after a period when their results were boosted by the currency's weakness.

The sharpest shock of this autumn's unrest is undoubtedly being felt by West Germany. For 20 years — during the final period of the fixed exchange rate Bretton Woods system, and for most of the first decade of floating rates — the D-Mark has been under almost continuous upward pressure.

Every previous autumn since 1976 it has been a revaluation candidate within Europe's exchange rate groupings, first the European "snake" mechanism and then the European Monetary System (EMS).



Brian Radovic

For the time being, at least, all this has changed.

Burdened by Germany's massive current account deficit and by interest rates that (though historically high) are low by present international standards, the D-Mark for a week now has been pinned down at the foot of the EMS. The Bundesbank has had to intervene heavily to prevent its currency from dropping below its lowest permissible limits against the high-flying French franc and Dutch guilder.

The mark is also seriously weak against the dollar. The U.S. currency has shot up

Bank of Japan expected to cut discount rate

under the impact of a sharp pre-election rise in U.S. interest rates that has manifestly taken the Bundesbank — and a lot of other people — by surprise.

The Bundesbank is not only worrying about plummeting foreign exchange reserves, down by about 25 per cent—$10bn—so far this year. It also faces a dilemma strikingly similar to those encountered by France, Britain, Italy and the U.S. during their mid-1970s exchange rate crises: how to finance a continuing large gap in the current account at a time when international confidence in one's own currency is waning.

The Bundesbank this autumn has been trying to loosen the monetary reins to counter the domestic economic downturn. But it may now come to the conclusion that there is no alternative but for a fresh and highly unpopular increase in interest rates to protect the currency—whatever the repercussions both for the domestic and international economy.

With West German inflation only just above 5 per cent, the Bundesbank appears genuinely mystified about why the mark should be weak against the currency of its main trading partner, France, where prices are rising nearly three times as fast. The ironic truth is, however, that West Germany is being trumped at the foreign exchange table in a suit very much of its own choosing.

During the exchange rate upheavals of the 1970s, West Germany was constantly calling on other countries to stiffen their monetary policies in order to master inflation. It now finds that it has preached the gospel of hard money too persuasively—and itself has got left behind in the interest rate race.

Three events have marked a watershed: the U.S. measures to bolster the dollar in November, 1978, the start of the EMS in March, 1979 on lines very firmly geared to exchange rate discipline, and the election of a strongly monetarist Conservative Government in Britain in May last year.

High interest rates in the U.S., France and the UK during the last 18 months have siphoned off international capital flows from Germany at precisely the time it needed them—to finance the current account deficit that emerged from the reflationary measures it decided at the Bonn summit in summer 1978, and from the sharp rise in the price of oil since then.

Herr Karl Otto Poehl, the Bundesbank president, has already had cause to point out at a recent central bankers' meeting in Basle that the extreme fluctuations in U.S. interest rates this year have caused severe problems for Germany's own monetary policies.

The D-Mark has also been one of the principal losers from the economic and political changes set off by the rise in oil prices and the increase in East-West tension since the beginning of 1979.

In the somewhat haphazard game of reserve asset diversification played by the oil exporting countries, Britain, a petro-currency power in its own right, has attracted substantial inflows for the oil states this year. France has also benefited from considerable oil money flows into the franc, aided by its traditional ties to the Arab world and independent foreign policy — particularly after the U.S. freeze of Iranian assets 12 months ago.

Japan, which also moved into substantial current account deficit after yielding to international pressure to reflate in 1978, has, like Germany, also come under severe depreciation pressure during the past 18 months.

But the Japanese balance of payments has recovered far more quickly than Germany's—the current account was back in the black in September for the first time for 15 months, while the Bundesbank is still glumly predicting a further $10bn deficit for Germany next year, on top of this year's $14bn.

Additionally, the wealthiest oil states seem to have decided to channel perhaps as much of 15 per cent of their surplus revenues into the yen this year.

Oil money has been pouring into Japan so fast that the Tokyo authorities have started to lift barriers to capital outflows imposed during the yen's earlier weakness.

The yen's firmness has removed any possible external obstacles to Tokyo's plans to cut its own interest rates to bolster the economy. The Bank of Japan today is widely expected to announce a cut in discount rate —while yesterday in Frankfurt Herr Poehl was again glumly dashing hopes of any West German interest rate easing on account of the mark's plight.

Within the EMS, intervention to support the mark by the Bundesbank and the Banque de France—estimated at about $2bn during the past fortnight

Bundesbank worried about financing next year's deficit

—has already worked through to tighten the German money markets by withdrawing Deutsche Marks from the banking system. This has removed the immediate need for the Bundesbank to make any fresh move to raise its key interest rates.

European central bankers point out that the Deutsche Mark has been under pressure in the system before. Rumours of a formal Deutsche Mark devaluation are not taken seriously.

None the less, the Bundesbank remains seriously worried about the problem of financing next year's deficit. It feels that to continue running down reserves at this year's pace would invite a dangerous and possibly self-feeding loss of confidence in the Deutsche Mark.

Like Japan, West Germany has already made efforts to arrange several billion Deutsche Marks worth of borrowings from Saudi Arabia and other Middle East countries—prodding the oil states' desire to increase the mark holdings in their reserves.

Herr Poehl himself is now planning a trip to the Gulf for consultations with his opposite numbers at Middle East central banks.

Although large-scale borrowing operations are seldom tied up on trips like this, the thought of arranging deficit-plugging finance will hardly be far from Herr Poehl's mind.

Bundesbank officials point out that dramatic operations will not be necessary if the D-Mark recovers during the next few months. Sooner or later the mark's real (inflation adjusted) devaluation of 6 or 7 per cent so far this year will have to be reversed, they argue.

However, unless international confidence in its currency does revive during the next few months, West Germany may find that it has no option but to switch foreign borrowing away from the D-Mark and start raising foreign currencies, just like most other deficit nations. The same pattern was followed after all by the U.S. in 1978, when the Washington administration was finally persuaded—partly by Herr Poehl himself—of the desirability of borrowing D-Marks to defend the dollar.

A mirror image operation to protect the D-Mark—a large loan in dollars—would certainly go down well with international banks seeking credit-worthy borrowers. And since the D-Mark clearly does look undervalued at present levels, the German authorities could end up making an exchange rate profit on the deal.

Clear signs that volatile movements of central bank funds can have disruptive effects on exchange markets has led to a shift in thinking among central banks and governments in the main industrialised countries. Herr Manfred Lahnstein, the state secretary at the Bonn finance ministry, for instance, has announced that after years of opposition, West Germany has no misgivings about a diversified, multi-currency reserve system. But now, he says, "It is a question of creating effective control mechanisms."

Even Sir Geoffrey Howe, Britain's Chancellor of the Exchequer, has called for "major holders of (reserve) currencies to manage their official portfolios in a way which helps to minimise volatility."

Mr. Anthony Solomon, the president of the New York Federal Reserve Bank, has suggested an international monetary conference next spring to discuss, among other things, reserve diversification.

If all the relevant countries were invited, however, Mr. Solomon's conference might be too large to be manageable, according to one seasoned European banker in close touch with central banks around the world. He says it is not only the Middle East governments which like to play around with their currency holdings—"There are about two or three dozen central banks around the world which are all active portfolio managers."

MEN AND MATTERS

C.Y.'s man from the east

Seven thousand miles away in Hong Kong, the Hang Seng index may have soared and *bucked on rumours that Chinese* interests were planning a £1bn takeover of that princeliest of "hongs," *Jardine Matheson.* But in London's Berkeley Hotel, where a clutch of Hong Kong's *business potentates including* Jardine chairman David Newbigging were staying for a *London Chamber of Commerce* conference on encouraging stronger trading links with the *colony, the atmosphere was one* of dignified calm.

The putative Jardine coup did not, however, provide the steadiest of backgrounds against which to promote inward investment, I suggested to Chee-Hwa Tung, chairman of Oriental Overseas Containers (Holdings), flagship of his father Chao-Yung Tung's shipping empire. "The rivalry," he replied with Twain-like reassurance, "is rather exaggerated." Apparent confrontation between expatriate and Chinese interests reflected, he said, "business considerations more than anything else."

The Tung group is Hong Kong's second largest shipping concern, giving place only to the Worldwide group of Sir Yue-Kong Pao. But not for the Tungs, it seems, the Onassis lifestyle of luxury yachts and opera singers. Chee-Hwa's greatest professed pleasure is rooting for the home football team of his university years, Liverpool, if not from the grandstand then on videotapes of games broadcast on British television.

Tung made the British headlines with its £96m February takeover of the Furness Withy shipping group, a deal with which Chee-Hwa now professes himself "very pleased." There remains the interesting topic of how relations will develop between Furness subsidiary Manchester Liners and the Dart Container Line, one-third owned by Tung. Both operate container services on the North Atlantic routes. Chee-Hwa says he has "no interest" in taking over Dart entirely, but concedes that "some form of rationalisation in containers would be useful."

Title roll

Left out of the last honours list? Unsure of a place in the next? Then take the risk out of recognition by buying a title off the peg. Lord of the Manor of Reedham Hall, Park Hall, Myleham, Wythes and Abbotts. There is a rank with a ring to it, and it is being offered for sale now by Norwich chartered *surveyors, Savills.*

The lordship can be traced back to the 11th century and, unlike the peerages presently available from the Palace, it can be bequeathed to your offspring.

Savills' Adam Slater, though more accustomed to handling the title-deers of Norfolk farmland, estimates from the inquiries he has already received that the sale should yield around £3,000. The old manorial lands have long been separated from the title, he tells me. Nor would there appear to be any surviving rights to common pasture for your sheep. But then, the feudal duties of the lordship also seem to have been extinguished. At least the present anonymous lord has not had any bills to pay for 50 years.

All that goes with the title now are seven vellum-bound court books, providing a continuous record of the manor's affairs from 1634-1933, which Master of the Rolls Lord Denning insists must be kept safely in this country.

The lordship is the first to come on the open market since Tory peer, Lord Kinnoull tried *to impose legal curbs* on such sales a few years ago. Kinnoull tells me: "*Manorial rights can still be troublesome for farmers* and villagers. And when the Lordship of Little Snoring was *to be sold to an American, I* thought it was all getting a bit undignified."

Liquid assets

It looked, up to a point, like any other balance sheet. Secured bank loan, overdraft, tax dividend, fixed assets, quoted investments, vintage port . . . Vintage port? Almost £200,000 worth, tucked away in the assets of a *shipping company?* Pausing only to put down my crusted pipe, I put my inquiries about this adventurous investment policy to Desmond Williams, chairman of Graig Shipping.

"We had the money at that time, and thought we would *probably do better buying port* than investing in the market," he explained. He was proved right. In the two years to 1977 that the 4,590 cases of port sat in a Tooley Street warehouse it appreciated at 25 per cent annually, and was finally sold to a commodity broker.

Resourceful

Roger Poulet's broad grin fully conveys the all too rare satisfaction of getting one step ahead of the United States management experts.

Harvard Business School is about to start teaching its students a "new approach" to organisational management which Poulet has been putting into practice in parts of British industry for the past two years. The Harvard course is even to *be given the same name as his* London firm of consultants, Human Resources Management.

"It is rather gratifying," smiles Poulet. "It sets the seal on the work we have been doing to gear management structure and style to an organisation's key activities and goals."

Like Harvard lecturer, Michael Beer, he believes radical new ways have to be *found of managing a work force,* whose values are very different now to those of 30 years ago, if *a company is to get the commitment* and innovation it needs to develop high productivity. It is a task which, from Harvard's brochure at least, sounds highly complicated. "But it is just a question of making sure the bones in a broken leg are straightened out before you wrap it in plaster," says Poulet.

Stock exchange

The Polish sense of humour shows no signs of being dimmed *by the country's precarious* plight — though a note of stoicism is creeping into the jokes.

From Warsaw, where housewives have to queue interminably for the basic foodstuffs, I hear the tale of a woman who *eventually* reached the butcher's counter only to find that the price of meat had been *raised 20 zlotys a kilo* since she joined the queue.

As she raged at the butcher, a little man tapped her on the shoulder and whispered: "Better 20 zlotys dearer than 10 roubles cheaper."

Observer

REPORT FROM SYRIA

How revolt has scarred the Assad regime

A MILE outside Aleppo, Syria's second city, is encamped an army. Tanks, artillery, armoured personnel carriers and several thousand troops are dug in on both sides of the main road which runs north from Damascus to the Turkish border.

This awesome display of force on the outskirts of the country's northern capital is a stark reminder of the lingering threat to the regime of President Hafez Assad in the wake of the most serious challenge to its authority since it took power almost 10 years ago to the day.

The challenge came—not as frequently happens in Syria—from the armed forces but in a determined and highly organised attempt by the Moslem Brotherhood—the most extreme of the fundamentalist groups operating in the Arab world—to destroy the regime and establish an Islamic republic in Syria.

The revolt began in earnest early in 1979 with a series of terrorist attacks. In March this year widespread disturbances occurred in most Syrian towns and cities except Damascus. The attacks on the regime by the Brotherhood became a focus of much wider discontent among Syria's middle classes. Several towns and cities—notably Aleppo, Hama and Jisr al-Shughur—were in open revolt against the regime and, for a few weeks in March, virtually out of control.

A half-hearted attempt at a coup d'etat, to have taken place on March 12, was discovered and 50 officers were executed in great secrecy. On June 26, the high point of the rebellion, President Assad was wounded in a grenade attack.

The fighting underlined the fact that Syria was deeply at odds with itself, rent by sectarianism and class conflict after a number of years of remarkable stability.

Today this strategically placed front-line state of over 8m people—whose role in determining the Middle East has frequently been crucial—is bitter, isolated and overcome by a sense of betrayal over the Egypt-Israel peace treaty.

The regime, in what could be a dangerous phase with profound implications for the area as a whole, seems ready to embark on a prolonged period of repression at home and uncharacteristic bloodymindedness abroad.

The immediate storm has passed. In the past six weeks the regime has broken the back of the rebellion, reducing terrorism to a manageable level. But the cost has been enormous and the revolt, which was put down without mercy will leave visible scars for a long time to come.

Pressures on the mercantile class are growing

In Aleppo, the eye of the storm, both the extent of the regime's success and its lingering vulnerability are apparent. The city, dominated by a magnificent medieval citadel, is outwardly calm. But behind the superficial bustle of a major mercantile centre the tension is palpable.

Everywhere there are armed men. Key buildings are guarded, the airport is virtually an armed camp, helicopters circle incessantly overhead. Makeshift garrisons have been set up.

In a country which has had more than 20 coups or coup attempts in as many years, security has always been an understandable preoccupation. But this time it is different. Syria is no longer the relaxed: self-confident place it was during the conciliatory first phase of President Assad's rule. The change is both startling and ominous.

Shortly after the October war of 1973 President Assad guided Syria with great skill out of its xenophobic and morose frame of mind to negotiate indirectly with Israel for the return of part of the Golan Heights.

President Assad also initiated a policy of economic liberalisation, much to the distaste of purists within the ruling pan-Arab Socialist Ba'ath Party, which pushed growth rates to an annual average of over 10 per cent in the past 10 years.

The picture is very different now. Syria is in the vanguard of a ferocious onslaught on U.S. policy in the Middle East: it has signed a treaty of friendship and co-operation with the Soviet Union: it is in merger talks with the radical Libyan regime of Colonel Muammar Gadaffi and the pressures from party cadres for an assault on Syria's mercantile class — traditionally the economic powerhouse — for its part in backing the rebellion are growing.

To listen to leading party officials talking about the past nine months is to understand the full extent of Syria's collective sense of victimisation. Mr. Ahmed Iskander, the Minister of Information and the regime's chief spokesman, claims with manifest bitterness that Syria was led up the garden path by the U.S. "We were seduced by promises. They said they wanted a comprehensive and just peace. They wanted to deceive us in order to gain time and we have to admit that they did."

The Syrians appear to have convinced themselves that most of their troubles stem directly from the Camp David peace process. They believe not only that the treaty has heightened tensions in the Middle East but that the U.S. and Israel are in the thick of a conspiracy to destabilise Syria because of its opposition to U.S. diplomacy.

Martyn Barnes

Alain Cass and Anthony McDermott, recently in Damascus, give the first extensive account of events inside Syria in the past few months, which have left the country divided and fearful for the future.

Syria's preoccupation with Camp David is understandable. The treaty removed Egypt from the conflict, leaving Syria isolated and vulnerable on Israel's northern flank. In a more personal sense President Assad's hard line is also the result of the bitterness he feels towards President Sadat of Egypt, whom he regards as a traitor.

In the circumstances Syria felt that it had little choice but to fall into the waiting arms of the Soviet Union after resisting for years the kind of relationship implied by a friendship treaty.

Syrian hopes that they have secured the kind of backing from the Russians which Israel can count on from the U.S. are likely to prove hopelessly misplaced. But there are important gains for the Russians. The treaty makes it virtually inconceivable for comprehensive Middle East peace talks to take place without direct Soviet participation.

President Assad also Arab leaders, is essentially preoccupied with staying in power and the real key to events this year lies in the rapid worsening of events within Syria.

There were two main reasons why the unpopularity of the regime provided fertile ground for the Brotherhood. The first was, and remains, the blatant abuse of power by the intricate network of officials, intelligence organisations, army officers and party cadres carefully positioned by President Assad to protect his regime from the fate of his predecessors.

He decided at the outset of his rule that to achieve consensus he had to consolidate his power base. In the process, he created a privileged class who found the temptations of absolute power irresistible.

The focus of resentment became Syria's minority Alawite Moslems who came to occupy influential positions out of proportion to their number. This alienated the country's majority Sunni sect who saw their traditional hegemony steadily eroded. More than 300 supporters of the regime are officially estimated to have been assassinated since late 1976, most of them undoubtedly Alawites.

Partly because President Assad is himself an Alawite and partly because there is a genuine desire to rid Syria of sectarianism, talk about Alawites and Sunnis within the country is taboo as if the advent of the Ba'ath Party somehow eradicated the problem overnight. The profound disillusionment of the Sunnis is dismissed as the malicious fiction of self-interested foreigners, almost certainly storing up trouble for the future.

The second reason, as the authorities readily admit, was the economic boom which followed the 1973-74 oil price rises. This bred widespread corruption in both the private and public sectors. Half-hearted attempts to deal with this only made matters worse.

The Brotherhood had two other things going for them. There was the resurgence of Islam in the whole region and the backing of outside powers, most notably Iraq.

After an early attempt at conciliation in the spring President Assad was finally persuaded to use force. In many cases the regime did so with indiscriminate brutality. With a broad section of the population making demands for the dissolution of the Ba'ath Party, the cancellation of relations with the Socialist bloc, parliamentary democracy and the abolition of socialism—demands which attacked everything the regime stood for, the President felt he had no choice. "What finally persuaded him," said one diplomat, "was when he saw a hand grenade roll in between his feet."

Brutal tactics seem to have worked —at a price

Shortly after the attempt on his life prisoners at Palmyra Jail who sympathised with the Moslem Brotherhood were massacred during an abortive break-out attempt. The regime claims only eight died, but more reports speak of upwards of 200. In Jisr al-Shughur, a small town strategically located between Homs and Lattakia, rebels stormed party and police headquarters, killing officials, distributing arms and tearing down pictures of President Assad.

After a pitched battle, which included gunship helicopters to recapture government buildings, a number of young men were taken from their homes and summarily shot. In Aleppo on August 11 a special forces patrol was fired on from a building. Several dozen residents—possibly as many as 70—were arrested and killed.

Brutal though these tactics may have been, they appear to have worked. But President Assad faces two bitter legacies. The first is that Syria is now a sullen and unhappy place, threatened by blood feuds for some time to come. The second is that he may have done irreparable damage to his image as a man of reason, a stealthy compromiser, who would go to almost any lengths to avoid confrontation.

The economy is also likely to be a major problem. Growth rates in the past few years have slumped to under 4 per cent, the trade deficit is likely to double this year, foreign exchange reserves were down to a few days' worth of imports in the summer, and the war in Lebanon, where 20,000 Syrian troops keep the peace, will continue to be a major drain on resources.

Financial backing from the Arab oil producers—over $1.3bn a year—could be severely curtailed next year partly as a sign of displeasure at Syria's closer links with the Russians and partly because of worsening relations between Damascus and other Arab régimes. The only hopeful sign this year is that agricultural production will be good, thanks largely to good weather.

For the time being, the survival of the régime does not seem in doubt. But this is a Government which has lost the initiative on its home front and consequently no longer has the freedom to negotiate moderate settlements on the Arab-Israeli front, even if it wished to.

It may be that if President Assad can fully restore order within the country, he can eventually swing Syria back on its former course. But by that time it may be too late.

Letters to the Editor

Contracts for ITV

From Mr. M. Rice.

Sir,—Although it may be pointed out that this company has a vested interest, for we are one of the two contenders for the ITV East of England TV franchise, it is in the wider interest that we feel we should draw attention to what we believe to be some of the misconceptions about the competition for the post-1982 ITV franchises. We are aware of a number of surveys of independent TV company stock, prepared, for example, by firms of stockbrokers for the information of their clients; almost invariably they suggest that the Independent Broadcasting Authority will award the new franchises to the incumbent contractors and that for this reason a continuing—and even an increased—investment in these companies is to be recommended.

Although these documents have been drawn up by specialist observers of the independent TV scene and incorporate a good deal of research, we believe that many of the opinions and conclusions are misguided, misleading and—we cannot avoid the word—sometimes verging on the irresponsible.

Thus, one commentator speaks of an existing contractor's franchise "continuing to look safe"; but what is there to look for? What signs are apparent on which to base such an assessment? He does not explain, for indeed, he would find it difficult to do so. Another states that it sees no reason why an incumbent should be dispossessed of its franchise; this betrays a fairly deep lack of understanding of the basic situation. Dispossessed of its franchise the company will certainly be, in common with all the other incumbent contractors at the end of 1981, for the IBA awards franchises only for a finite term. What is now in question is the allocation, for another fixed period, of the new franchises. It will be the IBA which will decide the matter, and it is a remarkably prescient observer who has managed to read any signs at all as to the state of mind of that body.

No contractor has a prescriptive right to his franchise, nor to its enjoyment in perpetuity. It is awarded by the IBA as an expression of public policy, and the authority must weigh many different and other disparate issues in coming to a decision.

The sole precedent for speculation on the Authority's outlook is the statement made, in print and verbally, by the then chairman, Lord Hill, on the award of the Wales and the West of England franchise to a new company, HTV, instead of the former company, TWW, in 1967. On that occasion the Authority stated: "Programme contracts have a finite term. The Authority can never be in the position where, once an appointment has been made, the company concerned has a more or less automatic right to reappointment . . ."

Lord Hill amplified this principle in his statement to the Press: he asked, "Must the doors of independent TV remain for ever closed to new applicants, however good they are? If the answer is 'yes,' then those companies appointed are there for all time. But the Authority's answer must, of course, be 'no.' It follows that the choice may well be not between a good applicant and a bad applicant, but between a good applicant and one which, after full consideration, the Authority believes will be a better one." It is to be noted that all companies, existing and in process of formation, were described as "applicant."

From this it seems clear that commentators are wrong to be too concerned with the relative de-merits of incumbent companies which may or may not affect their chances of being renewed; what they should be looking at is the quality of the new applicants and how suitable they are to take their turn at husbanding the franchise.

There is another comment to be made and it should be borne in mind by all interested parties. If there is to be real competition—and this has always been central to the ITV system—then it will be virtually impossible to raise a consortium to make an application in 1988 if it is evident, from the experience of 1980, that to do so is a waste of time and money.

Indeed, it is not difficult to extend the argument and show that the proper course is for all companies who have had a turn to be refused a further franchise unless it can be shown that no suitable alternative exists.

Presumably these and other delicate considerations will be not far from the minds of the members of the Authority when they come to make their difficult decisions.

It is idle therefore, for commentators, specialist or otherwise, to attempt to predict the outcome in any of the 15 franchises; we submit that it is unwise for them to suggest that they are in possession of privileged information upon which their respondents may safely rely.

Michael Rice,
Eastern England TV.
1, Lowther Gardens,
Prince Consort Road, SW7.

Keynesian economics

From Lord Vaizey.

Sir, — Your admirable article (November 1) on Keynes and Keynesianism contains much that merits deep reflection. May I comment on two matters where (it seems to me) the emphasis is wrong and where in consequence the inferences drawn are profoundly incorrect.

Keynes devised a system of broad economic aggregates, drawn from his study of classical economics and the real world, to analyse what was happening. He never sought to use these broad concepts (as far as I know) to analyse day-to-day small changes; it was part of his gambler's philosophy that such changes were only guessable. Yet, after his death, a system of "fine-tuning" was created by those who were not his pupils in order to manage the economy on a day-to-day basis. The poor performance of the economy got Keynesianism a bad name. Keynes, after all, was interested in money, investment and employment, not in "fine tuning." Keynesian policies would be quite other.

Perhaps more important is a second misreading of history. The great boom that began in America in 1938 and spread to Europe in 1948, and lasted to the late 1960s or the early 1970s, had nothing at all to do with Keynes-influenced fiscal policy. It was a period of high military spending, vastly increased trade flows, headlong technological innovation, mass migration and political turmoil. Keynes and Schumpeter would have looked there for the solution, not to British budgeting practice. Not a single government of any consequence adopted Keynesian policies.

How Keynes caused the boom is as mysterious as how Mrs. Thatcher caused the present slump (which began before she was even Leader of the Opposition).

Vaizey.
House of Lords, SW1.

Paying for a service

From Mr. D. Lough.

Sir. — Samuel Brittan in his Scroll of *Dishonour* (October 23) takes to task the City gift-paper shop which declined to wrap his purchase of records from a nearby store. He describes its policy as epitomising *the unacceptable face of British business.*

Is it just possible that the proprietor reads Mr. Brittan's columns and has taken note of the hard-nosed advice to "restructure" his business away from the labour-intensive, low-value-added process of actual wrapping to concentrate on the core business of selling?

Far be it from me to suggest the harsh realities of economic facts of life to Mr. Brittan, but if he would like to send his records and paper here to Hong Kong. . .

D. A. B. Lough.
889, Barrett Mansion,
Bowen Road, Hong Kong.

Missing markets

From Mr. S. Green.

Sir,—Anatole Kaletsky (October 31) seems to believe that the high exchange rate is causing unemployment to rise, yet exports, in volume terms, seem to be holding up relatively well when allowance is made for world-wide recession.

There must be another reason. I wish that the industrialists who are moaning and the economists who are interpreting their moans would explain why my mother-in-law has had her deposit refunded from the retailers because the UK manufacturers are still unable to deliver carpets ordered earlier this summer and why our local authority has been informed that there is, now, a minimum delay of 9 to 12 months between order and delivery of traffic lights.

If, in the end, my mother-in-law's carpet and our town's traffic lights have to be imported the same industrialists and economists will, no doubt, claim that a high exchange rate allows cheap imports to erode our home markets with dire consequences for unemployment.

When our captains of industry take a leaf from the City and other service industries and offer prompt delivery of reliable goods, they may find that sterling at $2.50 or even $3.00 is no deterrent to increased sales in both the overseas and home markets.

S. J. Green.
261 Sheen Lane, SW14.

Gas flared in the North Sea

From Mr. E. Griffiths, MP.

Sir,—Flying over the Gulf at night I am invariably struck by the large quantities of gas that still are flared, and therefore wasted from the off-shore oil-fields of Abu Dhabi, Dubai, Saudi Arabia, Bahrain and Quattar. Much of this is unavoidable; but given the price of gas one hopes the latest techniques of gas conservation are being used in our own off-shore oil fields.

To find out I asked the following question in the House: "What is the amount of gas flared that is flared in the North Sea fields, and what percentage this represents of the total of gas produced in each field." The reply from the Minister of State for Energy is given below.

These figures speak for themselves. *A total of 600m cubic* feet of gas went up in smoke every day in 1979—71 per cent of the total produced. Things are gradually improving. Only 314m cubic feet are now being flared each day; but this is still more than two-fifths of all the gas produced!

I recognise that some flaring is unavoidable. That the older the field the less advanced were the gas gathering techniques available when it was developed. That the delays in building the northern sector gas line to collect and deliver to the mainland the ever larger quantities of gas that will arise from future developments make it difficult for some producers to get rid of their present surplus gas by any other method than flaring.

But why such wide discrepancies? Less than a tenth of the gas produced in the Beryl field is flared; but in Piper the figure is nearer one-third, in Brent two-fifths. Forties more than half, Ninian close to three-fifths and Thistle over two-thirds!

Is there no way of preventing or at least diminishing this waste of a precious asset? Why cannot the operations of Thistle, Ninian, Forties and Brent do as well as the operators of Beryl? I am sure your readers and everyone else who resents his skyhigh gas bills would be as interested as I am to learn what technical or financial obstacles stand in their way, and what exactly these oil companies are doing to overcome them.

Eldon Griffiths.
House of Commons, SW1.

Million standard cubic feet; average daily rates

	1979		Third Quarter 1980	
	Gas Flared	% of Gas Produced	Gas Flared	% of Gas Produced
Beryl	19	17	12	9
Brent	324	97	167	44
Claymore	4	26	1	6
Dunlin	26	93	21	86
Forties	109	69	74	54
Ninian	44	86	45	59
Piper	56	45	29	31
Thistle	18	80	19	67
Total	600	71	314	41

Today's Events

GENERAL

UK: National Economic Development Council meets to discuss environmental policies and industry, London.

Lord Soames, Lord President of the Council, is among speakers at the 21st Men of the Year luncheon, Savoy Hotel, London.

Mr. Michael Heseltine, Environment Secretary and Mr. Alex Dibbs, National Westminster Bank deputy chairman, speak at National Caravan Council dinner, London.

Labour Party's National *Executive Committee meets,* London.

Mr. C. F. Baird, Inco chairman, speaks at stockbrokers lunch, Savoy Hotel, London.

Medical Research Council publishes annual report.

Sir Peter Gadsden, Lord Mayor of London, attends Goldsmiths' Company dinner, Goldsmiths' Hall, EC2.

Carbonisation Science Lecture delivered by Dr. rer. nat. Kurt-Gunther Beck, Bergbau-Forschung managing director, at Royal Aeronautical Society, London.

Overseas: European Parliament budget session continues, Luxembourg (to November 7).

PARLIAMENTARY BUSINESS

House of Commons: Lords amendments to the Civil Aviation Bill. Proceedings on the Tenants' Rights, etc. (Scotland) (Amendment) Bill. Consideration of Lords message on the Criminal Justice (Scotland) Bill.

House of Lords: *Local Government*, Planning and Land (No. 2) Bill, third reading.

Select Committees: Scottish Affairs. Subject: Dispersal to Scotland of civil service jobs. Witnesses: Ministry of Defence; *Overseas Development Administration.* (Room 5, 11.30 am). Transport. Subject: Roads White Paper. Witnesses: Mr. Kenneth Clarke, Parliamentary Secretary, and officials of the Department of Transport. (Room 17, 11 am). Public Accounts. Subject: The role of the Comptroller and Auditor General. (Room 16, 4 pm). Treasury and Civil Service *Sub-Committee.* Subject: The role and powers of the Civil Service Department. Witnesses: Mr. W. Kendall and Council of Civil Service Unions (Room 15, 4.30 pm).

OFFICIAL STATISTICS

Department of Energy publishes advance energy statistics for September.

COMPANY MEETINGS

Priest Marians, Oakhill House, Hildenborough, Tonbridge, Kent, 4.30. Zetters, 56-88, Clerkenwell Road, EC, 11.30.

UK COMPANY NEWS

Martonair profits rise to £6.1m at year end

FOLLOWING an increase from £2.51m to £2.66m at halfway, taxable surplus of **Martonair International**, pneumatic control equipment manufacturer, finished the July 31, 1980, year up at £6.1m, compared with £5.72m.

Turnover for the full period rose from £35.89m to £39.12m and the dividend is stepped up to 7.6p (6.75p) net per 20p share with a final payment of 5.65p.

Pre-tax figure was struck after interest, lower at £60,000 against £138,000, and was subject to tax of £2.72m (£2.71m) and minorities £75,000 (£33,000).

The amount retained came through ahead at £2.31m (£2.09m).

	1979/80 £000	1978/79 £000
Turnover	39,115	35,886
Trading profit	6,164	5,856
Interest	60	138
Profit before tax	6,104	5,718
Tax	2,720	2,707
Profit after tax	3,384	3,011
Minority interests	75	33
Available	3,309	2,978
Preference divs.	8	8
Ordinary divs.	989	878
Retained	2,312	2,092

● **comment**

The market is backing Martonair to continue growth in the current year, even though the UK order book is down from six to five weeks, overall volume is static and the currency conversion pressure on earnings, particularly as it applies to the important Deutschemark sector, is unabating. Currency conversion losses amounted to £600,000 last year and clipped turnover by £2m but trading profits are still slightly ahead and the group can enjoy the rare luxury of building stocks from £13.23m to £15m to boost its sales drive. At this stage, it seems that the benefits can only be reflected in an increased share of a sluggish market. What was a cash rich balance sheet now shows net indebtedness of just £300,000, despite the re-stocking drive, against net worth of £21m. That alone might justify a fully taxed historic p/e of 9.5 and a yield of 5.2 per cent at 214p, up 4p yesterday. It might be natural to assume that Martonair with its ample resources would go for complementary businesses but for the moment its strategy is to build on what is an already commanding position in the European pneumatic controls business.

HIGHLIGHTS

The Lex column examines the trends in the money market in the light of the banking figures and then goes on to consider the Stock Exchange's new Unlisted Securities Market and the candidates who are already lining up to become its first members. The House of Fraser retail group has undertaken a sale and leaseback operation with Legal and General for properties in Birmingham and Oxford Street, raising some £40m. Lex considers the implications of the deal on the company's balance sheet. German group Bierbaum and Company revealed yesterday that it had picked up a 29.9 per cent stake in R. P. Martin and talks are under way which may or may not lead to an offer for the rest of the equity.

St. George's Laundry

Taxable profits of St. George's Laundry (Worcester), improved to £94,287 against £67,912 in the half year to August 31, 1980, on turnover up from £889,138 to £1.12m.

The directors say they view the outcome of the year with confidence, and are increasing the net interim dividend to 0.85p (0.56p). Last year's total was 1.4p.

Because of capital allowances, the directors expect the tax charge for the year to be a nominal sum, and earnings of 3.99p (2.87p) are accordingly shown on an actual basis.

Allied London rises 16%

PRE-TAX PROFITS of **Allied London Properties** for the year ending June 30, 1980, rose 16.5 per cent from £1.23m to £1.43m, while turnover was down from £7.73m to £7.38m.

The dividend is increased by 15 per cent to 2.375p (2.06458p) with a final of 1.925p, and the directors propose a one-for-one scrip issue.

Tax charges were £667,953 (£506,287), giving earnings per share of 6.24p (6.19p).

Net assets per share rose from 57p to 227p.

With investment property valued at £26.7m the company has a surplus over book value of £17.6m.

Mr. M. Leigh, chairman, said the acquisition of Gough Cooper would broaden the company's base.

The company continues to maintain a steady growth in its activities.

Greaseater losses leave Sketchley £1m down so far

LOSSES OF close to £1m in a subsidiary and a jump in interest charges from £40,000 to £567,000 have left taxable profits of Sketchley down at £2.24m in the six months to September 26, 1980, compared with £3.32m last time.

The directors of the group, which is engaged in dry cleaning, textile finishing and industrial workwear rental, expects second-half profits to compare favourably with the £2.43m surplus for the corresponding period last year, provided the economic climate is not markedly worse.

They are maintaining the interim dividend at 2.8p net—last year's total payout was 8p from pre-tax profits of £5.74m.

The fall in first-half trading profits to £2.87m against £3.46m, after depreciation of £1.11m (£944,000), together with a large proportion of the increase in interest charges, is attributable to losses of £936,000 incurred by Greaseaters.

The directors decided that the major investment which would have been required to restructure this recently-acquired subsidiary, which manufactures industrial cleaning equipment, could not be justified. An immediate, substantial loss in running it down was preferred to a continuing financial drain on the group.

Following the restriction of Greaseaters' activities to that of a small metal fabrication factory, mainly serving group internal requirements, its trading losses in the second half are unlikely to exceed £175,000, say the directors.

The workwear rental division's strong performance was partially offset by the effect of reduced volume on the cleaning side, although there was a gradual return to better trading levels towards the end of the period. The textile division broke even, as in the first half last year.

Group sales rose some 21 per cent to £29.8m. After a jump in tax charges from £580,000 to £1.1m, reflecting lower levels of capital allowances and extraordinary debits of £176,000 (£22,000), attributable profits were well down at £958,000 against £2.71m. Earnings fell to 7.5p (18.2p) per 25p share.

The pre-tax profit was struck after setting aside £69,000 (£103,000) for the employee profit-sharing scheme.

The directors say group borrowings, which stood at £5.92m at the end of last year, increased during the first six months but are now below their peak and are expected to reduce substantially by the year end. Interest charges are similarly expected to reduce.

● **comment**

In retrospect the decision by Sketchley to purchase Greaseaters for £225,000 has proved a costly mistake. In addition to taking the £936,000 loss due to its closure in the first half, about 20 per cent of the interest charges are also attributable to Greaseaters. The second half should look slightly more cheerful as the underlying trading profit at the interim, stripping out the Greaseaters' loss, is marginally higher. Interest charges should ease a little in the second half since borrowings have peaked and are now about £0.4m lower at £5.5m. The Workwear Rental division is expected to continue its strong performance. Margins on dry cleaning should be maintained by Sketchley's attempt to move up market and close down uneconomic shops. Pre-tax profits for the full year should be in the region of £4.8m, down by about 17 per cent. Profits after tax will be considerably lower since unlike last year the full tax charge will be levied. The shares fell 4p to 230p, where the prospective yield is 5 per cent and the p/e, fully taxed, is about 14.9.

Ropner advances to £3.2m at mid-year and pays 0.5p more

PRE-TAX PROFITS of **Ropner Holdings**, the shipowner, insurance broker and engineer, advanced from £2.03m to £3.22m in the six months to September 30, 1980, on turnover up by almost £3.5m at £14.5m.

And although group profit is expected to be lower in the second half-year than in the first, Mr. W. G. D. Ropner, the chairman, says he expects the results for the 12 months to exceed those of the previous year.

The interim dividend is being raised from 2p to 2.5p net—last year a final of 2.5p was paid from taxable profits of £4.4m.

The surplus for the six months included a share of profits less losses of associates amounting to £135,000 (£73,000) and was after charging depreciation of £931,000 (£1m).

Tax took £1.7m (£1.06m) leaving stated earnings per 25p share of 10p (6.5p) and net profits of £1.55m (£972,000).

After minorities of £65,000 (£8,000) attributable profits showed a rise from £964,000 to £1.48m with profit retained coming out at £1.11m (£669,000) after dividend payments which absorbed £369,000 (£295,000).

Commenting on the first half results Mr. Ropner says shipping came up to expectation and should continue at a similar level in the absence of any significant change in market conditions. In the six months this sector produced taxable profits of £775,000 (£670,000).

Engineering had a good half (profits rose from £1.36m to £2.1m) but results for the second half will be lower because of seasonal factors, which affect the Hozelock subsidiary in particular, the chairman adds.

He says that the insurance broking side continued to suffer from the reduced value in sterling of its substantial foreign exchange earnings. In the first half profits here fell from £187,000 to £43,000.

Mr. Ropner says that property sales in the second six months will contribute further profit. Property development earned £318,000 (£128,000) in the first six months.

Investment income during the half-year showed a rise from £102,000 to £322,000 with interest payable lower at £340,000, compared with £417,000.

● **comment**

Ropner's 59 per cent increase in pre-tax interim profits is based on the strong performance of its engineering companies, which now generate almost two-thirds of group earnings. Of the engineering companies, Airtech is the biggest earner, responsible for 44 per cent of Ropner's profits. Airtech has expertise in defence-related electronics, and continuing naval contracts. Hozelock, which manufactures garden-watering equipment, had a good six months, but will not contribute so much in the wintery second half. The shipping side made less dramatic progress, but as most of the group's tonnage is employed on long charter work, that is not surprising. The "A" shares moved ahead 11p to 148p. If the final dividend is increased in line with the interim, the yield is 5.4 per cent. With full-year earnings possibly approaching £5.5m the prospective p/e is 8.6, fully-taxed. The share is less highly rated than others with electronics interests.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied London		1.93	—	1.66	2.38	2.95
Ambrose Invest.	int.	2.8	Dec. 17	2.8	—	8.5
A. Arenson		1.41	Jan. 2	1.3*	1.93	1.75*
Bradford Property	int.	1.7	Jan. 2	1.6	—	3.25
Clement Clarke	int.	1.15	Jan. 6	1.05	—	2.42
Eva Inds.	int.	Nil	—	2.4	—	5.65
London & Prov. Shop		1.5	—	0.93	2	1.8
Majedie Invs.		2.25	Dec. 17	1.5	2.25	1.5
Martonair		5.65	Jan. 2	5	7.6	6.75
Polymark	int.	1.8	April 7	1.8	—	3.7
Roberts Adlard	int.	2	Jan. 2	2	—	7
Ropner Hldgs.	int.	2.5§	Dec. 19	2	—	4.5
Safeguard Ind.		4	Dec. 17	3.2	5.8	4.7
Scotcros	int.	2.13	Jan. 12	1.96	—	5.06
Sketchley	int.	2.8	Jan. 2	2.8	—	8
St. George's Laundry	int.	0.85	Dec. 30	0.56	—	1.4

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Eva Industries drops to £231,000 halfway

On turnover just behind at £14.21m against £14.48m, pre-tax profits of **Eva Industries**, agricultural tool maker, engineer, dropped from £610,000 to £231,000 for the half year ended September 27, 1980.

And directors have omitted the interim dividend—last year's net total payment of 5.65p, which included a 2.4p interim, was paid from profits of £1.87m (£1.98m).

The directors state that most of the profit earned was from overseas companies. And the company has reduced its UK operations so that it breaks even after redundancy costs. As a result, profits earned elsewhere are not dissipated, they add.

Pre-tax figure for the half year was struck after interest, higher at £392,000 compared with £228,000, and was subject to a tax charge of £102,000 against £268,000.

Stated earnings per 25p share are well down at 0.3p (5.6p).

● **comment**

After a marked downturn in UK profits and a deliberately clouded dividend statement, the market was right to clip shares in Eva Industries by 8p yesterday to 46p. Plumbing a new low for the year, the shares are unlikely to show much recovery until the overhead reduction in the domestic base started to prove its worth. Eva plans to cut 300 jobs this year, of which 190 have been shed in the first half. Although it has baulked at complete closure even where certain subsidiaries have been trading heavily into loss, Trantor, taking £200,000 in the first half, is expected to bear a broadly similar deficit in the second. provides a possible clue to Eva's domestic strategy. The engineering services division is expected to be back to a break even position by the end of the year but Trantor will keep engineered products in the red. It is now said to be a "properly organised and structured entity" and new management is expected to produce a profit in the early months of 1981. The agricultural tool business has progressed well on the back of reviving aid programmes but, given the growth of competition and its dependence on fluctuating weather conditions, the platform from which the group will be asked to rebuild the dividend over the short term is as yet unsteady.

Clement Clarke rises to £694,000 at midway

Taxable profits of optical group **Clement Clarke (Holdings)** climbed from £598,000 to £694,000 for the first half of 1980, on turnover of £6.18m against £5.36m.

The directors say that in the present economic climate it would not be prudent to assume that targets set at the beginning of the year will be reached, or even exceeded. However, they are confident that the final result will prove acceptable. For 1979, taxable profits reached £1.39m (£1.26m).

After tax of £283,000 (£243,000) half-yearly earnings per 25p share rose from 5.55p to 6.42p. The net interim dividend is increased to 1.1525p (1.0468p) — last year's final was 1.375p.

The company's broad trading base enabled it to absorb fluctuations in certain market sectors, while increasing efficiency has allowed it to maintain overall margins, the directors state.

The optical retail companies continued their progress. The dispensing optical company sales rose by 19 per cent, and ophthalmic company sales advanced by 22.5 per cent.

Recent capital expenditure on new optical production machinery, and the introduction of the new progress control computer, has enabled the prescription company to substantially increase profitability.

CAPE INDUSTRIES

Acceptances have been received in respect of 97.6 per cent of the 6m shares of Cape Industries offered in a rights issue last month to raise £9.2m. The aim is to finance the acquisition of an insulation materials business from Turner and Newall.

ISSUE NEWS

Unlisted placing for Thames Inv.

PROPERTY INVESTMENT and development company **Thames Investment and Securities** is coming to the new Unlisted Securities Market by way of a placing of ordinary and preference shares to raise £1.3m.

The placing consists of 500,000 £1 ordinary shares and 500,000 12 per cent convertible redeemable cumulative preference shares of 75p sold in units of 296p made up of one ordinary share at 148p and one preference share at 148p. The proceeds are to be applied to working capital and to reduce borrowings.

Thames was formed in 1973 by Mr. Joseph Benjamin, its present chairman and chief executive officer, who will retain a 17.3 per cent interest in the company following the placing.

However, two large shareholdings, amounting to 31 per cent of the enlarged capital, remain in the hands of unidentified investors. Scrip Nominees holds 480,000 ordinary shares on behalf of Swiss Bank Corporation. These are believed to have been purchased from Jebel Ali Foundation, which subscribed for 525,000 ordinary last May and is represented on the Board by Mr. Philip Saul. Acral Investments holds 300,000 shares on behalf of a subsidiary of Jersey International Bank and Mr. Benjamin says this has been a long-term investment and he is not worried about it.

The group is active mainly in commercial and industrial property investment (64 per cent of gross assets), commercial and industrial property developments (3 per cent of gross assets) and residential development and building financing schemes (6 per cent of gross assets).

Profit before tax was £25,000 in the year ended on May 31, 1978, £79,000 in 1979 and £134,000 in 1980. At the last balance sheet, the group had net assets of £1.99m. Fixed assets, based on valuations of properties made this year, are shown at £4.66m.

The ordinary share capital following the placing is made up of 28,000 £1 founders' shares held by Mr. Benjamin and 2,512,000 £1 ordinary shares.

The group has forecast pre-tax profit in the current year will be not less than £300,000 and propose to recommend a single dividend for the year of 2.5p a share. It is also intended to pay a dividend of 5.18p a share in respect of 1982.

YEARLINGS

Starting tomorrow the Financial Times is publishing a complete weekly list of all the new issues in the local authority bond market as supplied by the Stock Exchange. The interest rate on the week's batch of yearling bonds will continue to be published in Wednesday's edition with the full lis tof those councils raising money listed a day later.

This week the coupon rate on the yearlings is 15 per cent, up ½ per cent from last week. The bonds are issued at par and redeemable on November 11, 1981.

McNEILL PEARSON RAISES CAPITAL

McNeill Pearson, an Edinburgh based merchant bank owned by eight institutions, has raised its capital to £2.05m from £0.6m by a rights issue. The bank had gross assets of £10m as at September 30 compared with £4.9m at March 31, the end of its last financial year. Pre-tax profit last year was £66,459.

No profit figure is given for the first half of the current year but the bank says it expects further profitable progress in the year as a whole.

McNeill Pearson's shareholders include Hogarth Shipping (24.39 per cent); Scottish Life Assurance (21.56); Scottish American Investment (18.46); Scottish Northern Investment Trust (15.85); Edinburgh Investment Trust (5); Pentland Investment Trust (4.75);

LONDON TRADED OPTIONS

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	300	184	5	—	—	—	—	469p
BP	420	72	1	90	—	104	—	"
BP	460	48	15	64	—	80	—	"
BP	500	32	1	44	1	61	—	"
Com. Union	140	30	—	34	20	42	—	165p
Com. Union	160	5	9	12	—	18	—	"
Cons. Gold	500	192	5	207	—	—	—	659p
Cons. Gold	600	110	11	132	—	155	—	"
Cons. Gold	650	78	149	105	30	120	10	"
Cons. Gold	700	43	96	75	102	90	—	"
Courtaulds	70	5½	—	9	—	11	9	64p
GEC	550	56	3	81	—	103	—	562p
GEC	600	31	3	53	—	75	—	"
Grand Met.	140	25	25	29	—	37	—	156p
Grand Met.	160	4½	2	10½	—	14½	18	"
ICI	300	54	2	64	—	70	—	337p
ICI	330	30	—	38	—	46	2	"
Land Secs.	390	21	3	38	5	51	—	380p
Land Secs.	420	7	5	22	9	36	—	"
Marks & Sp.	100	16	—	24	—	27	—	110p
Marks & Sp.	110	9½	3	17	—	20	—	"
Shell	380	120	1	—	—	—	—	488p
Shell	420	70	1	86	—	100	—	"
Shell	460	42	1	56	1	74	—	"
Totals			339		178		39	
		November		February		May		
Imperial Gp.	70	4	5	10	—	11½	—	74p
Imperial Gp.	90	¼	—	2	5	3	—	"
Lonrho	74	40	2	47	—	—	—	112p
Lonrho	94	20	—	27	30	—	—	"
Lonrho	104	10	4	19	—	—	—	"
Lonrho	110	—	—	—	—	80	20	"
Lonrho	114	2½	154	11	133	—	—	"
Lonrho	120	1	3	8	55	15	5	"
P. & O.	120	5	10	12½	—	16½	—	119p
Racal Elec.	240	95	1	—	—	—	—	331p
Racal Elec.	260	75	20	88	—	—	—	"
Racal Elec.	280	55	10	71	—	87	—	"
Racal Elec.	300	35	10	55	11	72	—	"
Racal Elec.	330	7	64	33	26	63	—	"
RTZ	384	95	1	107	—	—	—	475p
RTZ	414	65	2	82	—	100	—	"
RTZ	454	26	217	55	—	72	—	"
RTZ	494	7	1	32	5	52	—	"
Totals			475		347		35	

SPAIN

November 4	Price %	+ or −
Banco Bilbao	252	
Banco Central	279	−2
Banco Exterior	221	
Banco Hispano	241	
Banco Ind. Cat.	125	
Banco Madrid	141	
Banco Santander	282	
Banco Urquijo	144	+2
Banco Vizcaya	261	
Banco Zaragoza	220	
Dragados	105	−3
Espanola Znic	60	
Fecsa	63.2	−0.3
Gal. Preciados	30	−1
Hidrola	67.5	−0.5
Iberduero	65	−0.2
Petroleos	111.5	−1.5
Petroliber	85	
Sogefisa	102	
Telefonica	60	−0.2
Union Elec.	68.7	+0.2

UK COMPANY NEWS

Scotcros holds profits at £1m for first half

DESPITE EXTREMELY difficult trading conditions, Scotcros, the packing, wine, animal feedstuffs and vehicle construction group, benefited from its wide spread of activities in the UK and France and maintained pre-tax profits at £1.01m for the half year to September 30, 1980, compared with £0.95m last time. Sales were up from £15.88m to £17.14m.

While no improvement is anticipated in the economic environment for the rest of the year, the board is confident that the group's strong financial position, coupled with its planned investment in plant and machinery, will enable it to continue to operate profitably.

Interest payable for the period increased from £107,000 to £175,000. Earnings per 25p share, based on the actual tax charge of £237,000 (£295,000), were 10.32p (8.82p), and on a notional charge were 6.27p (6.02p). The net interim dividend is raised from 1.96p to 2.1315p—last time the total was 5.075p on £2.12m profits.

All group UK companies maintained profitability with the exception of the engineering division, which suffered from a large reduction in customer demand, and those areas of the packaging division manufacturing for luxury products. However, the group has been able to react quickly to the fast-changing and difficult market conditions.

There has been a continued improvement in trading results of the French companies, with both sales and profits up over 20 per cent. A full six months' figures from Bouchage Moderne are included for the first time.

During the six months, the group invested over £1.3m in new plant and machinery, and in enlarging and modernising factory capacity.

Mr. Calum A. MacLeod has been appointed a non-executive director.

● comment

Scotcross' unusual mix of businesses—cheap wines, animal feeds, packaging and specialised vehicle cab manufacture—has proved a resilient combination in hard times. While demand for the group's rollover protection cabs has declined both in the UK and abroad, cash-conscious consumers in Scotland have been turning increasingly to its down market fortified wines. Sales of packaging have held up except for cosmetics and other luxury items and the bottle closure manufacturing companies in France have produced a handsome 20 per cent profit gain. The group is on target to spend £2.5m on capital projects this year and profit for the year should be about £2m. The market has raised its rating of Scotcross slightly to about 11 times prospective fully taxed earnings at 138p. The final dividend should be raised by 8.75 per cent in line with the interim, suggesting a prospective yield of 5.6 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims — Capper-Neill, Philip Hill Investment Trust, London Trust, Mountview Estates, Newman Industries, J. Sainsbury, Usher-Walker, Warner Holidays.

Finals—Bellway, City of Aberdeen Land Association.

FUTURE DATES

Interims—	
Allied Leather Industries	Nov. 20
Beales (John)	Nov. 14
British-Borneo Petroleum Synd.	Nov. 6
Brunning	Nov. 19
Cater Ryder	Nov. 10
Lloyd (F. H.)	Nov 14
Oil & Associated Invest. Tst.	Nov. 13
Readicut International	Nov. 18
Somic	Nov. 14
Stavely Industries	Nov. 13
Wight Holdings	Dec. 10
Wire and Plastics Products	Nov. 11
Young Companies Invest. Tst.	Nov. 10
Finals—	
Akroyd and Smithers	Nov. 20
Bass	Dec 1
Central Manufg. and Trading.	Nov. 7
Equity Income Trust	Nov. 18
LWT	Nov. 13
Sungei Bahru Rubber Estates	Nov. 13

Polymark mid-term increase

PRE-TAX PROFITS of Polymark International for the half-year to June 30, 1980, rose to £627,000 compared with £489,000 in the first half of last year.

In view of the economic recession and strength of sterling, the directors say it is difficult to forecast profits for the second half. The total 1979 pre-tax profits for the group, which supplies machinery to laundries and clothing manufacturers, were £1.58m.

Sales for the six months were £10.94m (£8.04m). After UK and foreign tax charges of £206,000 (£138,000), earnings per 10p share were 7.64p (6.56p). The net interim dividend remains at 1.8p per share—last year's final was 1.9p.

In spite of pressure from the high exchange rate, overseas trading was brisk with continued growth. Trading also improved in the laundry and Transtat labelling divisions.

● comment

The market seems to be in tune with developments at Polymark. Yesterday's share price of 83p corresponds closely to the group's net asset value and a prospective earnings multiple of around 7 (on a full tax charge) seems fair if the current year pre-tax pans out at between £1.3m and £1.4m. Because of its ties to the UK textile sector, Polymark's domestic operations have suffered, falling to around 20 per cent of group profits in the first half of 1980. Interest charges have doubled to £420,000 at the half-way stage and the group's income gearing is now around 67 per cent. Equally unpleasant is the fact that borrowings are headed toward £5m suggesting capital gearing of 100 per cent. This should come down early next year though when the company retrieves £1m from its Raleigh bicycle agency in France, sold to Tube Investments. Meanwhile, the U.S. business has turned from loss to a profit of £59,000 and in France Gardenmatic has contributed £23,000 in the first six months. The outlook for the second half is for continued flat demand in the UK but growth abroad. The strength of sterling has cost £50,000 to £100,000 in forefited profits so far; it could cost £1m by year-end. A maintained dividend suggests a yield of 6.5 per cent, like the p/e, unexciting but fair.

Arenson moves up to £1.53m

PROFITS before tax of A. Arenson (Holdings), office furniture and equipment maker, moved ahead from £1.41m to £1.53m for the year ended July 31, 1980, from turnover increased to £17.75m against £15.61m.

Mr. Archy Arenson, chairman, says that trading towards the end of the year was, as indicated, seriously affected by a downturn in demand. Margins were maintained, however, mainly because of the effect of the company's ongoing commitment to invest in machinery of the most recent technology.

The process of improving manufacturing efficiency will continue to ensure that the group remains competitive, he adds.

"While we continue to be confident about the outlook for the medium to long term, the short term must inevitably be affected by the recession which has continued into the current year," Mr. Arenson states.

And to keep more in line with sales, production schedules have been cut back from the group's original programme.

Tax for the year was £117,000, compared with £109,000, after which earnings are shown as 13.83p (12.99p) per 10p share. The dividend is effectively raised to 1.93p (1.75p) net with a final payment of 1.41p.

Profit at halfway rose from £431,000 to £496,000.

● comment

Arenson has managed to ride against the downward trend of recent results from furniture manufacturers with increased turnover, pre-tax earnings and total dividends up by about 10 per cent. Some reduction in demand has been felt in the first quarter of the current year, and production has been cut back. Even so, stocks are £2m above last year's levels and borrowings are up £0.75m as a result. Arenson has continued its investment in automated plant, adding another £450,000 of new machinery since the year end and its expansion in the UK. In the UK, sales of office furniture have been more seriously affected than the flatpack domestic furniture sold chiefly through MFI. Although no immediate upturn is foreseen, it is thought that the company's distributors have run down stocks about as far as they can. Trading is expected, therefore, to be level though not easy. Unchanged at 40p, the shares yield 7.2 per cent. The fully-diluted, fully-taxed p/e is an undemanding 6.5.

BARLOW RAND LIMITED

(Incorporated in the Republic of South Africa)

A successful year in which :-

Turnover up 51 per cent to R3.5 billion

Group profit after taxation up to 70 per cent to R343 million

Earnings per share up 51 per cent

Dividend distribution up 53 per cent

CONSOLIDATED PROFIT AND ORDINARY DIVIDEND

The audited consolidated results for the year ended 30 September, 1980 are:—

	1980 R000's	1979 R000's
Turnover	3,459,473	2,283,602
Group Operating Profit	464,874	290,188
Income from investments	50,555	24,735
Profit on sale of shares less amounts written off	979	732
Group Profit before taxation	516,408	315,655
Taxation	172,938	114,184
Group Profit after taxation	343,470	201,471
Attributable to:		
—Outside shareholders in subsidiaries	121,570	63,044
—6 Per Cent Preference shareholders in Barlow Rand Limited	45	45
—Ordinary shareholders in Barlow Rand Limited	221,855	138,382
Number of Ordinary Shares upon which earnings per share is based (000's)	123,501	116,641
Earnings per share	179.6 cents	118.6 cents
Dividends per Ordinary Share	58.0 cents	38.0 cents
Dividend Cover—Ordinary Shares	3.1	3.1

NOTE: The rate of exchange used for conversion at 30th September, 1980 was taken as R1=£0.56.

A *final Ordinary Dividend of 40.0 cents per share* has been declared. This dividend with the Interim Ordinary Dividend of 18.0 cents per share makes a total distribution of 58.0 cents for the year (1979: 38.0 cents).

The final Ordinary Dividend is payable to shareholders registered at the close of business on 28 November, 1980 and a formal notice to this effect appears below.

The *annual financial statements* will be *mailed* to shareholders on or about 28 November, 1980.

Sandton
4 November 1980

A. M. ROSHOLT, *Executive Chairman* G. W. DUNNIGHAM, *Vice-Chairman*

ORDINARY DIVIDEND NO. 102

Notice is hereby given that an ordinary dividend of 40.0 cents per share has been declared payable to shareholders registered in the ordinary share register of the company at the close of business on 28 November, 1980.

This dividend, together with the ordinary dividend which was declared on 9 May, 1980, makes a total distribution in respect of the financial year ended *30 September, 1980 of 58.0 cents per ordinary share* (1979: 38.0 cents).

The transfer books and registers of ordinary shareholders of the company in South Africa and the United Kingdom will be closed from 29 November, 1980 to *5 December, 1980, both days inclusive*, for the purpose of determining shareholders to whom the dividend will be paid. Dividend warrants will be posted on or about 16 January, 1981, to shareholders at their addresses or in accordance with their written *instructions received* up to and *including* 28 November, 1980.

This dividend is declared in the currency of the Republic of South Africa and the rate of exchange at which the dividend will be converted into United Kingdom currency for payment of dividends from the United Kingdom registrar will be the telegraphic transfer rate of exchange between South Africa and the United Kingdom ruling on the first business day after 2 January, 1981.

In terms of South African Income Tax Act, 1962, as amended, a non-resident shareholders' tax has been imposed on dividends payable to:

(a) Persons other than companies, not ordinarily resident nor carrying on business in South Africa, and

(b) Companies which are not South African companies.

The company will accordingly deduct the tax from dividends payable to ordinary shareholders whose addresses in the share register are outside the Republic of South Africa at the rate of 14.4053 per cent.

By Order of the Board,
W. C. WARRINER, *Group Secretary*

Registered Office: Barlow Park, Katherine Street, Sandton, 2196—South Africa (P.O. Box 78-2248 Sandton 2146—South Africa)

Transfer Secretaries: Rand Registrars Limited, 2nd Floor, Devonshire House, 49 Jorissen Street, Braamfontein, 2000—South Africa (P.O. Box 31719 Braamfontein, 2017—South Africa).

United Kingdom Registrars: Lloyds Bank Limited, Registrar's Department, The Causeway, Goring-by-Sea, Worthing, West Sussex, BN12 6DA, England.

4 November 1980

Roberts Adlard warning

DESPITE losses of £80,000 incurred at two roofing branches, which are to be closed, pre-tax profits of Roberts Adlard and Co., builders' merchant, roofing and suspended ceilings concern, improved from £330,000 to £350,000 for the first six months of 1980.

The directors state, however, that there has been a significant fall in demand in the second half of the year, and it is difficult to be optimistic about the outcome for the full period.

The interim dividend is unchanged at 2p net per 25p share—last year's final was 5p paid from record profits of £950,000.

First-half turnover increased from £5.9m to £7m and profits were subject to tax of £182,000 compared with £172,000.

W. Sinclair dives to £27,000

TURNOVER OF agricultural merchant, William Sinclair Holdings, increased by £5m to £29.2m for the year ended June 30, 1980, but, struck after more than doubled interest charges of £805,000, pre-tax profits slumped from £642,000 to £27,000.

After a tax credit of £71,000 (£288,000 charge) available profits were £98,000, against £354,000. A second interim dividend of 2.25p (3p) leaves the total payment down from 4.53p to 3.75p.

Shareholders' funds climbed from £5.33m to £5.85m, equal to 1.26p (1.16p) per share.

The company's shares are dealt in under Rule 163 (2) of the Stock Exchange.

A. Caird falls into the red at midterm

Although A. Caird and Sons, the Dundee-based retailer of clothing and sports goods, finished last year in profit after reporting a loss at midyear, it has fallen into the red again.

For the six months to July 31, 1980, the company reveals a pre-tax loss of £119,200, compared with a deficit of £18,400 for the same period in 1979.

Sales during the half year slipped from £1.32m to £1.27m and a trading loss was incurred of £67,600, against a profit of £15,200. Interest charges rose to £51,600 (£33,600).

Last year the company paid a single dividend of 10p net from 12 months' profits which totalled £61,660 (£171,594).

Progress for Berry Trust

After lower tax of £151,598 (£163,571) earnings per 25p share rose from 1.39p to 1.55p, while the dividend total is stepped up to 1.4375p (1.25p) net.

Net asset value increased from 100p to 136.7p per share.

Wankie Colliery Company Limited

(Incorporated in Zimbabwe)

REVIEW BY THE CHAIRMAN SIR KEITH ACUTT, K.B.E.

In the middle of our financial year which ended on 31st August, 1980 a new Government was elected and Zimbabwe became an independent state. For a short time the celebrations and some doubts about the wages policy announced by the Government caused disruption to the attendance at work of many of our employees. A short strike and the declaration of unexpected national holidays aggravated the situation and at times production of coal was seriously affected.

The pattern of the finely geared railway movements was also upset but fortunately none of our customers was seriously inconvenienced. Naturally the costs at the mine were high and the financial results for the second half of the year were lower than we had hoped mainly because of the disruption to operations but also because of the increased wages awarded some time before the strike.

Financial results

The profit to the 31st August, 1980 from the trading operation was \$5 144 000 compared with \$4 205 000 last year. Revenue from interest and dividends at \$933 000 was higher than last year and the profit before tax was \$6 077 000. The after taxation profits, together with profits on investments realised and \$896 000 brought forward from last year, made a total of \$5 375 000 available for appropriation.

A final dividend of six cents was declared giving a total of ten cents for the year. This absorbed \$2 533 000 and \$2 500 000 was transferred to capital reserve leaving \$342 000 to be carried forward to next year.

In terms of the Coal Price Agreement which was reinstated last year 25% of our profit has to be retained each year for capital expenditure but we have in practice retained more than this with the object, which I have repeatedly stated, of building up our cash reserves in order to meet the normal capital expenditure and, at the same time, provide some of the very large amount of new capital which will have to be raised for equipping the mine to supply the previously suspended electricity generation undertaking.

Power station

During the protracted period of delay in a decision to equip the power station, on which much of the civil and building construction work was completed some years ago by the Electricity Supply Commission, our technical advisers have given very careful attention to studying the most economical and efficient methods of both the mining of the coal required and its conveyance to the power station site to which the delivery of coal must start in 1982.

The power station will be equipped progressively and the initial generation of power will not cause a very large increase in the consumption of coal but as the source will be almost entirely from the opencast pits the amount of overburden to be removed will call for heavy equipment capable of ultimately moving the maximum coal required by the power undertaking. When the final sets are installed this will be about 4.5 million tonnes per annum.

The timely supply of much of the equipment which will have to be imported is dependent on orders being placed almost immediately.

The estimated cost of the plant we require from all sources has been increasing each year and now that a decision has been taken by the Government and the Electricity Supply Commission to go ahead with the installation of generating equipment we are faced with the formidable total figure of about \$120 000 000 to be found.

Taking into account our own cash position some \$100 000 000 of new money is required and, some time ago, in anticipation of a decision to proceed, discussions were initiated with the International Finance Corporation and the Export-Import Bank of the United States. These negotiations have not yet reached finality but we are hopeful that, under the umbrella of these institutions a large proportion of this money will be available on acceptable terms.

In this context the profitability of our operations is vital and must be maintained at a level which will provide for the servicing of the loan capital; our normal capital expenditure and, at the same time, allow a reasonable distribution to shareholders. We will probably have to utilise most of our accumulated cash resources next year and revenue from interest will decrease rapidly when the work accelerates on the expansion programme.

I must make it clear to our shareholders that our obligation is to provide the coal to the power station and that we are in no way involved in the financing nor the operation of the Electricity Supply Commission's generation or distribution of power.

In order to facilitate discussions with potential sources of capital for the development of the Colliery to supply the thermal power station project which is being undertaken by the Electricity Supply Commission, Government has extended the tenure of the Coal Price Agreement by ten years to 1995. We estimate that, providing all goes well, the main burden of the loan finance can be very much reduced over a shorter period.

Operation

Turning now to our operations during the year under review, the demand for coke was such that we were able to restore the coke ovens to their full rated capacity early in 1980 and as there are hopeful indications that the demand for coke and by-products will grow, a preliminary investigation is being undertaken into the extension of the cokeworks. No decision on this can, however, be taken immediately but, here again, we are very conscious of the escalation of the cost which would arise if this is delayed for a long time.

Coal sales were 2 382 199 tonnes compared with 2 221 304 tonnes last year and the production of coal has remained geared to the demand with most of the coal being taken from the opencast areas. No. 3 Underground Colliery has operated well and we have restarted some limited work at No. 4 Underground Colliery which, although unsuitable for intensive mechanisation because of faulting, could be a valuable additional source of "hand got" coal.

For some years we have been carrying out an accelerated programme of training at the Colliery and the advantages of this are beginning to show. It will, however, take some time before we can look to this source to supply our needs for artisans and skilled personnel. In this situation we are not alone and the mining industry as a whole is faced with the same problem. Many of the small mines and industries are not in a position to contribute much in the way of expert training and we fully realise that the bigger mines and industries, which are able to do so, will not reap the full rewards of their training efforts early, as the demand for skilled personnel is likely to exceed the availability for some years to come.

Future development

We have had numerous enquiries for our products to be exported but we are not in a position to do much more than we have been doing for some years. We have valuable customers to the North who must continue to have first call on us but naturally if transport and other facilities are such as to make it possible to undertake to supply new customers, wherever they may be, we will certainly do so.

We are facing some years of heavy expenditure but there is no reason why the Colliery should not be able to maintain a satisfactory profit record during this period and we should in a few years' time reap the full benefits of the very much increased production.

The 57th Annual General Meeting of Members of Wankie Colliery Company Limited will be held at the registered office, 70 Samora Machel Avenue Central, Salisbury, on Monday, 1st December, 1980, at 10.00 am.

AAC

Copies of the annual report and accounts are obtainable from the London office of the Company, 40 Holborn Viaduct, EC1P 1AJ, and from the office of the UK Transfer Secretaries, Charter Consolidated Limited, P.O. Box 108, Charter House, Park Street, Ashford, Kent TN24 8EQ.

Banking figures

(as table 4 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	Oct. 15, 1980 £m	Change on month £m
Eligible liabilities		
UK banks		
London clearing banks	34,265	+502
Scottish clearing banks	4,015	+236
Northern Ireland banks	1,127	−4
Accepting houses	3,110	+250
Other	9,822	+151
Overseas banks		
American banks	6,675	+280
Japanese banks	594	+41
Other overseas banks	5,083	+314
Consortium banks	564	+63
Total eligible liabilities*	65,274	+1,833
Reserve assets		
UK banks		
London clearing banks	4,316	−133
Scottish clearing banks	522	+21
Northern Ireland banks	168	+2
Accepting houses	416	+17
Other	1,297	+26
Overseas banks		
American banks	882	+37
Japanese banks	81	+5
Other overseas banks	715	+13
Consortium banks	92	+14
Total reserve assets	8,489	+11
Constitution of total reserve assets		
Balances with Bank of England	495	−169
Money at call:		
Discount market	4,447	+211
Other	362	+42
UK, Northern Ireland Treasury Bills	1,060	−30
Other bills:		
Local authority	452	+40
Commercial	1,205	+37
British Government stocks with one year or less to final maturity	467	−121
Other	—	—
Total reserve assets	8,489	+11
Ratios %		
UK banks		
London clearing banks	12.6	−0.5
Scottish clearing banks	13.0	−0.3
Northern Ireland banks	14.9	+0.2
Accepting houses	13.4	−0.6
Other	13.2	+0.1
Overseas banks		
American banks	13.2	—
Japanese banks	13.7	−0.1
Other overseas banks	14.1	−0.6
Consortium banks	16.3	+0.6
Combined ratio	13.0	−0.4
	£m	£m
a-b—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	348	+65
2—Finance houses		
Eligible liabilities	470	—
Reserve assets	48.7	+0.7
Ratio (%)	10.4	+0.2

Special deposits at October 15 were nil (unchanged) for banks and nil (unchanged) for finance houses. * Interest-bearing eligible liabilities were £47,867m (up £1,405m).

Companies and Markets

UK COMPANY NEWS

Safeguard Industrial revenue expands 25%

Safeguard Industrial Investment has announced a 25 per cent increase in pre-tax revenue to £907,105 for the year-end September 30, 1980. A substantial part of this increase, said Mr. Keeling, chairman, was due to the relaxation of dividend controls.

"There has been a slight increase in small firms seeking finance over the last six months," he stated.

Net assets at the year-end were £13,143,469 — an increase of 4.4 per cent — equal to 119.5p (114.4p) per share.

Mr. Keeling expressed caution about the prospects for the second half. Most of the companies in which Safeguard invests are in the manufacturing sector and their profits have been under downward pressure since April, he said.

As a result, the company "would not have the same rate of growth for the first half of next year as in the current year."

The majority of the companies in which it has investments of between £50,000 and £250,000 produce annual pre-tax profits of around £50,000.

Despite an increase in the final dividend of 0.8p to 4p, making the total 5.8p (4.7p), the shares remained unchanged yesterday at 102p, where they yield 8.45 per cent.

Ambrose Invst.

An increase in taxable income of Ambrose Investment Trust from £366,558 to £436,528 was shown in the six months to September 30, 1980.

The net asset value per 25p capital share was 152.95p, against 158.77p as at March 31, 1980, and per 25p income share was 33.05p (31.61p as at March 31, 1980).

The surplus on realisation of investments was £308,050. The interim dividend on income shares is 2.8p net (2.6p). Last year's final was 4.1p from taxable profits of £766,711.

Bradford Property

MAINLY ON the back of growth in property sales Bradford Property Trust pushed taxable earnings up £0.93m to £3.38m for the half-year to October 5, 1980. The net interim dividend is being raised from 1.6p to 1.7p.

Rental income improved to £1.6m (£1.46m) and the surplus on this reached £927,304 (£872,180), but net of tax and preference dividend these earnings are shown down at 1.56p (1.7p) per share.

Sales by dealing companies jumped to £4.77m (£2.78m) and the profit here topped £2.22m (£1.47m). In addition there was other income of £194,500 (£69,456) and investment companies contributed £62,340 (£55,500) but the share of associates' loss rose to £24,709 (£13,128).

For 1979/80 pre-tax profit was £5.43m (£4.67m) and the net distribution was 3.25p.

London & Provincial Shop down

PRE-TAX profits were down from £551,000 to £488,000 at London and Provincial Shop Centres (Holdings) for the year ended June 24, 1980, but were not as low as forecast.

In May, the directors reported interim profits of £234,000 (£232,000) and forecast a full-year figure of £475,000—they said that the fall was entirely due to the level of interest rates.

They also anticipated a final dividend of 1.11p, which in the event has been increased to 1.5p making the year's total 2p (1.295p) net per 10p share.

Gross rental income rose from £1.42m to £2.24m for the period—current annual gross rental income is £2.8m (£2m) which, directors say, will increase to £3.5m progressively over the next five years from rent reviews.

Net assets as at June 24 were £51.9m compared with £36.3m, equivalent to 480p (336p) per share.

Borrowings of £17.4m represent 24.7 per cent of fixed assets, against 25.2 per cent last time.

135 companies wound up

Compulsory winding up orders against 135 companies have been made by Mr. Justice Slade in the High Court. They were:

Carola Sherries, Sconscope, Midnight Blue, Raymond Griffin, Richmond Hair Research, Asthall Holdings, Nailglade (formerly Biba), Electrical Agencies (London), Prideclass, Tavy Fisheries, B and M Tankers (Teesside).

M. Lowit, W. C. Foyle and Sons, Fascochoice, Treloar and Sons (Contractors), Mapbourne, Chasty Brothers (Windsor), The Burgundian, Heating Installations, Bernard Thompson and Co., Rosser Developments, Christian Whitby Travel, Elliott's Painting Contractors, Feltex Building Services.

Jack Cornelius, S. I. Ellis, Funscon, Mayblaise Music, Renshire Builders, Crevelea, Addington Insurance Brokers (Braintree), Alan James (Industrial Heating), Tabread, Badlan Steels (Southern), Breantone.

Lawrence Cabinet, W. Arthur and Sons (Builders), Gaisby Properties, RD Security Systems, J and E (Kitchens and Bathrooms), Banner Fishing Tackle, Jaguar Computing Services, Jube Computing, Skilltime Property Co., Liver Bird Boutiques (Liverpool).

Lemayo Fashions, Noticeworth, Alf Davies (Builders Merchants), Sabre Shop and Store Equipment Fitting Co., Parsley and Sage Gifts, Dream Wave (Import and Export), Leronhill, Curtburst, Fittleton, Horford Asphalt Specialists (Leicester), Lodsga Investment Co., R. Butcher (London).

Rookbrae, South American Traders, Thorngrove Developments, Turnrose, Pramville Properties, Hayatt Properties, Clayton Models, Danmar Service Stations, Ergin Fashions, R and A Exhibitions, Kelly Cleaning.

Storemore Warehousing, Passmore Design, Maseberg, Towerhart, E. P. Allam (Holdings), Bunch Electronics, Towitin, Tacmere, W. H. Bignell and Sons (Aylesbury), Cupbridge.

Heseltine Builders Merchants, Film-A-Disc, Jim Larkin Transport, Deelish Construction Company, Daman Plant, Muskhurst, Majorhurst, Vinshire Transport, Haverhill Fashions, Acre Security Services, Eselby Development Company.

Superflight Travel, Towncliffe Development Company, Sultragrade, Developments Yorkshire, Marlin Construction, MTA Contract Furnishers, M. A. Woods and Co. (Express Transit), Ormonde Building Specialists, Balletique, Tyler Marine, Validate.

Greatime, Temple Motor Services (Formby), Bradley Bros. (Plastering Services), Afford Leasing, EB Transport Services, Ryeswing, Villapreen, Galefinch, Dry Wall Linings (Kent), W and M Properties (Birmingham), Humvale.

The Thetford Tanning Company, Dalwood Motors (Southall), Catering Furniture Products, Baines and Hennen, Hortex Chemicals, C. A. Call, Hassglade (Timber Merchants), Wydown, D. B. E. Evans (South West), Resco (Electrical), J. A. Campbell and Co. (Home Improvement).

S. N. Press, Embassen, Develoipoint, Texan Jean Company, Du Monde Travel Management, Sandarick, Janwin, Studfold, Runholme, Lee-Frazier (Bedford), M and Z International Sewing Machines, Elf Engineering Company, and Selectdene.

BIDS AND DEALS

Bierbaum buys 29.9% stake in R P Martin

A MAJOR German money broker, Bierbaum and Co. OHG of Dusseldorf, bought a 29.9 per cent stake in London money broker R. P. Martin yesterday and indicated to the Martin board that it intends to initiate talks which may or may not lead to a full offer.

Bierbaum paid 100½p a share for its stake, which implies a value of £4.1m for the company. Martin shares rose 19p to 95p yesterday following the news and the apparently receptive response of Martin directors.

"They are highly respected and we would not be unhappy to be associated with them," said Mr. P. J. Watling, deputy managing director of Martin. However, he declined to comment on the prospect of a full bid.

The two brokers set up a correspondent relationship last July to deal in Eurodollar and Deutschemark short-term deposits, and Mr. Watling said Martin was pleased with the progress to date.

The Bierbaum purchase apparently ends more than four months of mystery about the identity of the beneficial owners of two Panama-based companies that have been trading in Martin shares.

One of them, Tangora Inc., was last reported in early September as having a 20 per cent stake but efforts by Martin directors to discover its owners were in vain.

"We assume they (Bierbaum) have acquired the Tangora stake," Mr. Watling said. However, he did not know whether the Tangora interest had been further built up since September or if Bierbaum had acquired additional shares from other sources.

Tangora reported its initial 16 per cent stake in August, a few days after another Panama company, Tandour Co., reported selling a 10 per cent interest it had acquired in June. The following week Martin announced an 86 per cent gain in pre-tax profits in the year ended on June 30 to £977,505 and the shares, which rose 10p to 61p on the day Tandour sold, went up another 2p to a high for the year.

Mr. M. D. Phelan, chairman of Martin, said at the time there could not have been a leak of the company's results and Mr. Watling said yesterday that Martin had no indication of Bierbaum's potential interest in the company until Monday of this week.

D. MACPHERSON ACQUISITION

In a cash deal worth £665,000 Donald Macpherson Group has acquired the capital of Pearl Paints, which manufactures a specialist range of industrial surface coatings in the UK and Germany, and has a manufacturing operation for decorative paints in Malta.

In the year to December 31, 1979, unaudited accounts of Pearl Paints (including those of Detmolder Lackfabrik, acquired on January 2, 1980), show sales of £4.1m and net tangible assets of £1.07m.

SHARE STAKES

Sunlight Service Group—British Electric Traction has disposed of its holding of 1,205,000 ordinary shares. Subsidiary, Birmingham and District Investment Trust remains the beneficial holder of 735,000 ordinary shares (7.58 per cent).

Rea Brothers—Globe Investment Trust is interested in 797,500 ordinary (6.5 per cent).

Dubilier—National Coal Board Pension Fund nominees bought on October 29 and 30 300,000 shares making holding 2,739,000 shares (10.67 per cent).

Chubb and Son—Kuwait Investment Office purchased on October 24, 50,000 ordinary shares making, at that date, an interest in 6,676,250 shares (11 per cent).

Caledonia Investments—Kuwait Investment Office acquired on October 13 an interest in a further 10,000 ordinary making total interest 984,500 ordinary (5.59 per cent) at that date.

MOSELEY BUYS PART OF DORADA

Moseley Group (PSV), a privately-owned company based in Loughborough, Leicestershire, has bought the assets of the bus and coach sales division of Dorada Baker West, part of Dorada Motor Group, for £323,000.

A new company, Moseley (Bordon), has been formed to continue operations from the Hampshire premises. No value was given for the deal which Moseley said marks a further stage in its expansion into London and the southern counties.

The decision to sell Dorada Motors' bus and coach trading operations was foreshadowed in the interim report of the parent company, Dorada Holdings, in September.

H. GOLDMAN

Mr. Harvey Michael Ross, the Yorkshire bullion dealer and financier, has lifted his stake in H. Goldman Group, the loss-making wholesaler of hardware, clocks and watches, from 6 per cent to 8 per cent—or 184,000 shares.

Probe for Thorn leisure deal

THE INTERVENTION of a group of Blackpool businessmen has prompted the Office of Fair Trading to find out whether the £16m purchase by Trusthouse Forte of a package of leisure interests from Thorn EMI should be considered for possible reference to the Monopolies Commission.

The OFT intends to ask Thorn EMI just what the assets are worth to see if the value exceeds £15m, the level at which takeovers are looked at to see if a reference is justified.

Mr. Owen Oyston, a Blackpool estate agent representing the businessmen planning a rival offer for the Blackpool Tower Company, said yesterday he told OFT officials that he thought the assets could be worth more than £16m: "My concern is that they were not put on the open market."

Thorn EMI has said the book value of the assets involved is around £15m, though it is not clear how recently the freehold Empire Ballroom premises in London's West End have been valued. No further comment was available from the company yesterday.

The Blackpool Tower Company, which was part of the sale to Trusthouse Forte, includes the Tower entertainment centre, the Winter Gardens complex and the Golden Mile amusement centre. Also included in the deal were the sports division, other ballrooms and clubs, and theatre interests.

The businessmen wrote to EMI last year expressing an interest in buying the company, and it is understood that they will soon meet Lord Delfont, who will give up his executive duties with Thorn EMI under the deal announced last Friday and head Trusthouse's expanded leisure activities.

DORRINGTON INV.

Waltonite, an associate of Hanover Acceptances Finance, has lifted its stake in Dorrington Investment, for which Hanover has made an agreed offer, to 786,500 shares or 12.9 per cent.

Waltonite bought 7,500 ordinary shares of Dorrington, a property developer, at a price of 123p. Hanover's cash offer of 125p per share, announced on Monday, values Dorrington at £7.6m.

TIE/TANJONG

The offer for Tanjong Tin Dredging by Tien Ik Enterprises Sdn. Bhd. (TIE) has been accepted in respect of 315,654 shares, representing 21.23 per cent of Tanjong.

At the time of its original offer on August 13, TIE owned 385,000 Tanjong shares (25.9 per cent), but since then it has acquired a further 336,000 and therefore, with acceptances, now owns a total of 1,036,654 shares (69.73 per cent). The offer has now closed.

London Clearing Banks' balances

as at October 15, 1980

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1.
AGGREGATE BALANCES

	Total outstanding £m	£m	Change on month £m	£m
LIABILITIES				
Sterling deposits:				
UK banking sector	5,659		+541	
UK private sector	39,098		+862	
UK public sector	529		+7	
Overseas residents	4,420		+18	
Certificates of deposit	2,314		+33	
		52,020		+1,461
of which: Sight		18,255		+666
Time (inc. CD's)		33,765		+795
Foreign currency deposits:				
UK banking sector	7,242		+96	
Other UK residents	1,362		+30	
Overseas residents	17,827		−112	
Certificates of deposit	1,537		−26	
		27,968		−11
Total deposits		79,988		+1,451
Other liabilities*		12,476		+509
TOTAL LIABILITIES		92,464		+1,960
ASSETS				
Sterling				
Cash and balances with Bank of England		1,373		−162
Market loans:				
Discount market	2,422		−96	
UK banks	8,748		+688	
Certificates of deposit	1,614		+39	
Local authorities	1,148		+18	
Other	770		+38	
		14,702		+687
Bills:				
Treasury bills	578		+17	
Other bills	1,274		−85	
		1,852		−68
Special deposits with Bank of England		—		—
Investments:				
British Government stocks	1,406		−12	
Other	1,902		+1	
		3,308		−11
Advances:				
UK private sector	31,048		+1,043	
UK public sector	480		+115	
Overseas residents	3,193		−10	
		34,721		+1,148
Other sterling assets*		7,083		+208
Foreign currencies				
Market loans:				
UK banks and discount market	6,689		+116	
Certificates of deposit	153		−18	
Other	11,761		−87	
		18,603		+11
Bills		27		−1
Advances:				
UK private sector	2,138		−13	
UK public sector	759		−45	
Overseas residents	6,236		+93	
		9,133		+35
Other foreign currency assets*		1,663		+113
TOTAL ASSETS		92,464		+1,960
Acceptances		802		−53

*Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding	Change on month	BARCLAYS Outstanding	Change on month	LLOYDS Outstanding	Change on month	MIDLAND Outstanding	Change on month	NATIONAL WESTMINSTER Outstanding	Change on month	WILLIAMS & GLYN'S Outstanding	Change on month
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
LIABILITIES												
Total deposits	79,988	+1,451	22,696	+439	14,089	+210	16,702	+262	24,281	+452	2,220	+88
ASSETS												
Cash and balances with Bank of England	1,373	−162	393	−86	224	−64	395	+96	324	−110	38	+1
Market loans:												
UK banks and discount market	17,860	+708	5,084	+170	2,677	+339	2,736	−35	6,890	+235	474	—
Other	15,445	−10	4,647	+74	3,830	−50	2,456	−115	4,146	+42	376	+29
Bills	1,879	−70	439	+38	222	−134	474	−50	668	+55	75	+22
British Government stocks	1,406	−12	400	+7	125	−13	500	−3	336	−3	45	−1
Advances	43,854	+1,183	12,612	+430	7,537	+191	9,931	+214	12,490	+318	1,284	+29

TABLE 3. CREDIT CONTROL INFORMATION
(Parent banks only)

	TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GLYN'S	
Eligible liabilities	34,113	+499	10,213	+12	5,432	+53	8,129	+159	9,119	+180	1,219	+95
Reserve assets	4,294	−119	1,292	−50	683	−38	1,041	+8	1,125	−44	153	+6
Reserve ratio (%)	12.6	−0.5	12.6	−0.6	12.6	−0.8	12.8	−0.2	12.3	−0.8	12.6	+0.5

Profitability in sight for Barker and Dobson

EVIDENCE IS emerging at Barker and Dobson Group that actions taken by the directors offer every hope of restoring profitability to its operations next year, says Mr. R. W. Aitken, the chairman.

In the current year, however, the confectionery and retailing concern, which dived into loss and passed its dividend for 1979/80, will lose money in the first half. Also, despite indications of improvement, a full-time loss is probable, the chairman warns.

Meanwhile the auditors Pannell Kerr Foster have made their opinion on the accounts for the year to March 29 last, subject to a satisfactory outcome of current re-negotiations of long-term bank overdraft facilities.

They say the continuation of Dobson's activities depends on the success of these negotiations and the accounts have been drawn up on a going-concern basis which assume that adequate facilities will be made available.

At March 29 bank overdrafts were down from £3.62m to £2.36m and unsecured loan stock, of which all but £531,000 is repayable by 1984, stood at £1.31m (£1.51m).

With cash and bank balances lower at £274,000 (£964,000), debtors at £2.75m (£4.08m) and a rise in creditors and provisions to £5.28m (£4.55m) net current assets stood at £142,000 (£735,000).

Meeting, Dorchester Hotel, W, on November 24 at noon.

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	April Vol.	April Last	July Vol.	July Last	Stock
ABN C	F.300	1	11.50	—	—	—	—	F.296
ABN C	F.320	1	6A	41	8.50	—	—	"
AKZO C	F.20	—	—	21	1.20A	4	1.60	F.16.80
AKZO P	F.17.50	—	—	5	1.10	—	—	"
AKZO P	F.25	—	—	5	6.70B	—	—	"
AMRO C	F.65	28	1.70	—	—	—	—	F.62.10
AMRO C	F.70	—	—	20	1	—	—	"
KODA C	$70	—	—	—	—	1	6⅛	$69
HEIN C	F.50	1	2.70	—	—	—	—	F.51.50
HEIN C	F.55	—	—	2	2.20	3	4	"
HEIN C	F.60	3	0.30	—	—	—	—	"
HEIN P	F.55	1	5	—	—	—	—	"
HOOG C	F.15	—	—	1	0.80	—	—	F.13.50
IBM C	$65	2	5	—	—	—	—	$67⅞
IBM C	$70	15	2¾	20	4¾	2	6¾	"
IBM P	$65	11	2⅝	—	—	—	—	"
IBM P	$70	1	4½	—	—	—	—	"
KLM C	F.60	9	4.30	—	—	—	—	F.62.30
KLM C	F.70	9	0.90	5	2.50A	1	3.50	"
KLM P	F.65	—	—	—	—	2	4.20	"
KLM P	F.60	5	3.80	—	—	—	—	"
NATN C	F.110	1	10	—	—	—	—	F.118.80
NATN C	F.120	5	3.10	7	4.80	2	5.50	"
PETR C	Fr.5500	5	240	—	—	—	—	Fr.5510
PHIL C	F.15	56	2	—	—	—	—	F.16.70
PHIL C	F.17.50	22	0.60	115	0.90	55	1.10	"
PHIL C	F.20	—	—	7	0.40	2	0.50	"
OLIE C	F.170	15	40A	—	—	—	—	F.208
OLIE C	F.180	12	30A	5	34B	—	—	"
OLIE C	F.190	49	22	16	25	5	27	"
OLIE C	F.200	121	15.50	25	19.50	10	20.50	"
OLIE C	F.220	189	6.40	21	9.50B	15	11	"
OLIE P	F.180	39	1	31	2.20	—	—	"
OLIE P	F.190	11	2.30	12	4.30	14	6.50	"
OLIE P	F.200	47	4.70	40	7.40	6	10.50	"
OLIE P	F.220	35	14.50	2	17	5	20	"
ATT C	$50	—	—	1	2⅛	—	—	$50
UNIL C	F.120	25	5	—	—	—	—	F.125.60
UNIL C	F.130	4	1.30	6	2	—	—	"
EXON C	$80	4	3⅛	—	—	—	—	$79⅞
XERO C	$60	—	—	10	3⅝	—	—	$63⅛
		Nov.		Feb.		May		
BOEI C	$35	20	3⅝	—	—	—	—	$38⅝
BOEI C	$40	—	—	20	2¾	—	—	"
BOEI P	$35	—	—	17	1⅝	—	—	"
BOEI P	$40	10	3⅛	—	—	—	—	"
OCCI C	$30	—	—	—	—	2	5	$31⅞
SLUM C	$100	—	—	15	16½	—	—	$113⅛
SLUM C	$110	—	—	—	—	1	16	"
SLY C	$93⅝	—	—	5	21½	—	—	"
TOTAL VOLUME IN CONTRACTS						1,549		

C=Call P=Put

S. African gold output heads for 19-year low

BY KENNETH MARSTON, MINING EDITOR

SOUTH AFRICA'S gold production for the first nine months of this year has fallen short of the total for the same period of 1979 by some 650,000 troy ounces.

The Chamber of Mines reports that the total for September was 1,795,698 oz—a reduction of 20,616 oz on the previous month—and brought the nine months' total to 16,375,773 oz compared with 17,028,292 oz in the same period of 1979.

It now seems likely that the total for this year will slip below the 1977 total of 22,409,486 oz (just under 700 tonnes) which was the lowest for 16 years. In terms of revenue, of course, it wil be easily an all-time high.

The main reason for the recent decline is the industry's trend to mining a larger proportion of the lower grade ore which has become payable as a result of the higher gold prices. During the past nine months bullion has averaged $615 per oz compared with only $270 in the same period of last year.

Rundle twins raise A$20m

THE AUSTRALIAN Rundle oil-shale "twins" Southern Pacific Petroleum (SPP) and Central Pacific Minerals (CPM) have capitalised on recent market support to raise more than A$20m (£9.6m) from share placements, reports James Forth from Sydney.

CPM has raised A$10m with the placement of 1m shares at A$10 each which compares with the current market price of A$10.40.

SPP has raised A$10.1m with a placement of 2.7m shares at A$3.75 compared with the market price of A$4.08.

The directors said that the placements were made to provide funds for the companies' international activities.

About two years ago SPP and CPM started to apply their oil-shale experience in Australia to the discovery and investigation of potential oil shale deposits on a world wide basis, with particular emphasis on North America and Europe.

Mineral rights had already been acquired

In London yesterday CPM closed 20p up at 525p and SPP 10p up at 202p.

Wankie seeking £78m

ZIMBABWE'S Wankie Colliery confirms the recent estimates reported in this column that it will need to raise Z$120m (£78m) to finance the expansion needed to provide coal for the Wankie thermal power station that is now under construction.

In the Anglo American Corporation group company's annual report the chairman, Sir Keith Acutt, says the delivery of the Wankie coal must start in 1982. When the final generators are installed the mine will have to supply 4.5m tonnes of coal a year to the power conplex compared with the present annual production of less than 2.5m tonnes.

He adds that discussions with the International Finance Corporation and the U.S. Export-Import Bank "have not reached finality but we are hopeful that under the umbrella of these institutions a large proportion of this money will be available on acceptable terms."

The coal price agreement with the Zimbabwe Government has been extended for a further 10 years to 1995 to help Wankie secure the necessary funds for its expansion programme.

Sir Keith adds that investigations into expanding the coke works are under way and says that there have been numerous inquiries from export markets for the company's products, but the northern customers (Zaire and Zambia) must continue to have first call.

IN BRIEF

Canada's Brascan and Holland's Patino NV report that the sale to Brascan of Patino's 96 per cent interest in its Brazilian subsidiary, Companhia Estanifera do Brasil ("Cesbra") for U.S.$32.5m (£13.3m) has been successfully concluded. Cesbra, which operates a tin smelter near Rio de Janeiro and mines tin on properties adjoining those held by Brascan in Rondonia, is also prospecting for other minerals in Brazil.

* * *

Gold production totalled 21,724 grammes in the September quarter at the Western Australian Haveluck open-pit gold mine which is 84.6 per cent-owned by Whim Creek Consolidated. This brings the total production since the start-up in May to 27,320 grammes. It is expected to commission the carbon-in-pulp plant before the end of the year and this should bring a "significant" increase in output.

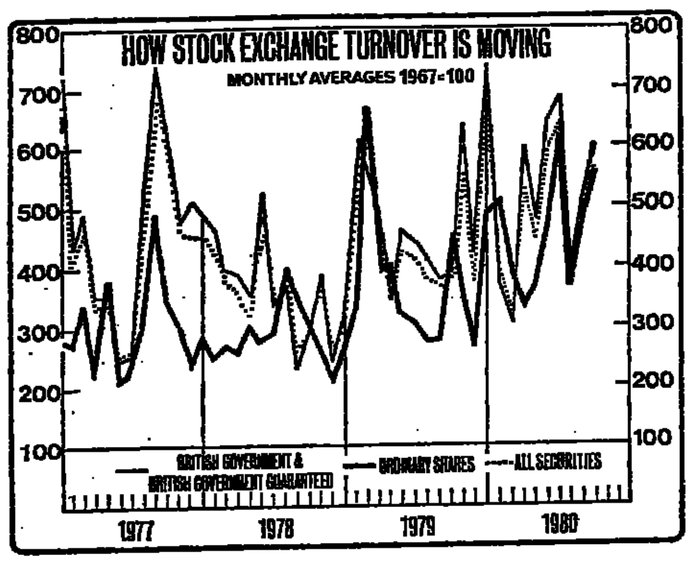
Stock Exchange turnover in October

Turnover brisk in all sectors

BY NIGEL SPALL

BUSINESS IN stock markets expanded last month as persisting hopes of a cut in minimum lending rate outweighed fears of the effects of a deepening recession on UK industry. October contained one more trading day than September and the two main investment sectors displayed marked resilience in the face of government determination to stick to present monetary policy.

ICI's third-quarter loss, announced on October 23, came as an unpleasant surprise but gave rise to thoughts that a cut in MLR might be engineered to curb the strength of sterling which has consistently recorded new highs against other major currencies.



Total turnover last month rose to £18.2bn compared with September's £16.5bn and the FT Turnover index advanced from 504.6 to 558.1. The average daily value of equity business improved to £135.3m, compared with September's £126.0m and the number of equity bargains increased to 390,362 against September's 377,985. The FT Turnover index for ordinary shares rose to 555.5 in October compared with the previous month's 494.5.

Equity prices closed the month slightly firmer with the FT Industrial Ordinary Share index attaining a high point for the month of 496.1 on October 28. The reaction over the last four trading days of the month arose from the CBI's gloomiest-ever survey and the realisation that interest rates would remain high for some time and left the index only a net 5.5 points up on the month at 486.5.

Overall trading in gilt-edged securities also increased last month, by £1.83bn, or 14.8 per cent, to £14.20bn. Aided by fresh advances made by sterling, which stimulated overseas and domestic demand, business in short-dated stocks rose by £1.93bn, or nearly 39 per cent to £6.92bn.

Business in the longs, however, contracted slightly to £7.27bn. The total number of gilt-edged bargains increased by 8,206 to 80,577, while the FT Turnover index for British Government Securities rose to 600.9 in October from September's 523.5. The FT Government Securities index moved narrowly during the month, but improved from 70.18 at the end of September to 70.94.

The price of gold bullion reacted after September's unprecedented rise following the outbreak of hostilities in the Gulf. After attaining a month's high of $689½ an ounce on October 9, the price drifted back and ended a net $41 down at the month's lowest level of $629½. But the FT Gold Mines index consolidated the previous month's rise of 107.2 points to end October with a further gain of 8 points to 504.9 which was 54 points off September's all-time peak of 558.9.

Category	Value of all purchases & sales £m	Total %	Number of bargains	Total %	Average value per day £m	Average value per bargain £	Average number of bargains per day
British Govt. and British Govt. Guaranteed							
Short-dated (having five years or less to run)	6,922.8	38.0	24,025	4.6	301.0	288,148	1,045
Others	7,275.5	39.9	56,552	10.9	316.3	128,651	2,459
Irish Government							
Short-dated (having five years or less to run)	252.2	1.4	1,249	0.2	11.0	201,906	54
Others	163.6	0.9	2,046	0.4	7.1	79,975	89
UK Local Authority	282.8	1.6	4,926	1.0	12.3	57,402	214
Overseas Government Provincial and Municipal	40.0	0.2	2,522	0.5	1.7	15,722	110
Fixed Interest Stock Preference and Preferred Ordinary Shares	162.7	0.9	36,015	7.0	7.1	4,517	1,566
Ordinary Shares	3,113.0	17.1	390,362	75.4	135.3	7,975	16,972
TOTAL	18,212.1	100.0	517,697	100.0	*791.8	35,179	22,509

* Average of all securities

Investment sales boost Majedie

Including much higher profits of £516,195, against £175,287, on the sale of investments, pre-tax surplus of Majedie Investments, fund investment concern, jumped from £696,945 to £1,282,667 for the year ended September 30, 1980. At half-time, the figure was ahead from £156,261 to £261,807.

Comparatives have been adjusted to exclude commodity broker, Edward Till, which was sold during the year.

Gross income for the year climbed from £634,361 to £900,458. Tax took £386,926 (£241,077) and earnings per 10p share rose by 1.53p to 4.32p. The net dividend is lifted from 1.5p to 2.25p.

Net asset value per share at the year end was 109.24p, against 99.07p previously.

RETURN TO PROFIT FORECAST

Massey final quarter loss $112m

BY IAN HARGREAVES IN NEW YORK

MASSEY-FERGUSON, the ailing Canadian farm machinery company in the throes of attempting to restructure its financial base, incurred a loss of about $112m in the fourth quarter of its fiscal year ended October 31. It lost $63.9m in the first nine months.

But the company, in a report to its lenders, argues that it will return to profits in the current fiscal year and show steady profit growth in the future — if lenders will agree to big concessions on the company's more than $2.6bn of debt.

The figures and projections are contained in a 122-page report prepared by Massey for its lenders as it travels the world seeking to persuade them to join in a Canadian Government-backed C$700m (US$600m) rescue of the company.

Information from the report appeared in the Wall Street Journal yesterday and was confirmed later by Massey.

Apart from the financial projections, the report contains a number of significant policy statements about how the company sees its future. These are:

● Plans for a joint-venture with an engine user (probably a truck manufacturer) for Massey's Perkins diesel engine subsidiary to build in the U.S. dieselised versions of the partner's existing petrol engines.

● Negotiations with White Motor, which is currently bankrupt and being re-organised, over possible collaboration on combine harvester production with White's defunct Canadian farm machinery business, which like Massey's operations are based in Ontario. Saving White jobs may well be a condition of Canadian Government aid.

● No further plant closures or labour force reductions beyond the current base of about 44,000.

● Capital spending averaging $119m a year 1981 to 1985, compared with $76m last year.

The medium-term plan suggests that Massey will move from a loss of $175m in the year just ended to a net profit of $40m in the current year, $256m in fiscal 1982 and $265m in fiscal 1983, by which time Massey expects to see a cyclical peak in farm machinery demand.

These figures, Massey says, are based on "fairly conservative assumptions."

The report also gives further details on the request being put to banks in Europe and North America for reductions in interest payments on existing loans and a commitment to keep existing credit lines in place.

The lenders are also being asked, as previously reported, to underwrite part of a C$700m equity issue for Massey.

Of Massey's total worldwide debt of US$2.65bn at the end of September, 20 per cent is due to British lenders, 28 per cent to U.S. lenders and 12 per cent to Canadians, according to the report.

Slowdown in growth at Boeing

By Ian Hargreaves in New York

PROFITS GROWTH at Boeing, the world's largest manufacturer of civil aircraft, slowed in the third quarter as the company began to feel the impact of the strained fortunes of the airline industry.

Until midyear, Boeing's earnings had surged ahead, but for the quarter just completed were only 5.4 per cent higher at $139.8m or $1.45 a share.

Although Boeing's defence orderbook has grown strongly in the past year, the financial problems of most U.S. airlines and the gathering economic slowdown in Europe have forced Boeing to cut civil aircraft production schedules. This slightly lower volume of operation has now started to weaken profits growth and analysts expect this pattern to continue with generally lower earnings forecast for 1981.

Mr. T. A. Wilson, Boeing's chairman, said that total sales for this year would be between $9.4bn and $9.5bn, compared with $8.13bn last year. This total, somewhat lower than had been anticipated, reflected the fact that a number of aircraft deliveries had slipped over into 1981, he said.

For the first nine months of this year, Boeing earned $434.8m or $4.51 a share on sales of $6.8bn, compared with net profits of $360.8m or $3.75 a share on sales of $5.8bn.

GM dividend

General Motors is to pay a 60 cents a share year-end dividend compared with $1.50 a share last December, AP-DJ reports from Detroit.

Toronto-Dominion cuts Trustco stake

BY ROBERT GIBBENS IN MONTREAL

TORONTO-DOMINION BANK, Canada's fifth largest chartered bank, has sold about half its 10 per cent holding in Royal Trustco built up last September at a cost of around C$40m (US$34m). The stock has been sold to an unidentified Canadian institution.

Early in October Campeau Corporation, controlled by Ottawa developer, Mr. Robert Campeau, withdrew a C$225m bid for 51 per cent of Trustco, Canada's largest trust company with over C$7bn in assets and a further C$20bn under administration.

Mr. Campeau failed to reach his 51 per cent target, but shortly afterwards bought several blocks of Trustco shares giving him about 8 per cent of the equity. He is believed to have bought more shares through the market since then.

He said his initial bid had been defeated by Trustco stock acquisitions made by institutions friendly to Trustco management, including the Toronto-Dominion Bank.

The bank said it had sold half its 10 per cent holding at a loss of about $650,000 in order to comply fully with the U.S. bank Holding Act. Toronto-Dominion owns a bank in California, and Trustco owns seven banking units in Florida. The U.S. Federal Reserve had seen a possible conflict under U.S. interstate banking rules if Toronto-Dominion continued to own 10 per cent of Trustco.

The Bank of Montreal has held around 10 per cent of Trustco for many years. There was some criticism in Canada that the two banks represented the largest single holding with 20 per cent of Trustco.

Canada Permanent Trust, which has a UK subsidiary offering finance to industry, turned in net earnings of $11.88m for the nine months ended September 30, compared with $13.06m for the same period last year. Earnings per share were unchanged at $1.45 after allowing for gains of 17 cents a share on sale of securities, against 4 cents a share last year.

ITT completes $357m sale of Canadian units

BY OUR FINANCIAL STAFF

INTERNATIONAL Telephone and Telegraph confirmed yesterday that it has completed the sale for about C$420m (US$357m) of its forest products operations in British Columbia, which include the Rayonier Canada division. Three companies in British Columbia —Western Forest Products, Doman Industries and Whonnock Industries—have bought out the ITT interests and will operate them as equal shareholders and managers.

ITT Industries of Canada remains active in 32 businesses, covering the broad range of the parent company's activities, including the manufacture and supply of automotive and electronic parts, the supply of telecommunications equipment, industrial products, insurance, financial and hotel interests.

The sale has received the necessary approval of the Government of British Columbia and the boards of the companies concerned.

ITT Rayonier, having sold its Rayonier Canada division, remains an ITT subsidiary and will expand its forest products holdings and manufacturing operations in the U.S.

Eurobond dealers mark time

By Our Euromarkets Staff

STRAIGHT DOLLAR Eurobonds had an extremely quiet day yesterday as operators virtually withdrew from the market ahead of the U.S. presidential election result. Where changed, prices moved lower by about ¼ point on average.

While there is some uncertainty over the immediate market reaction to the election result, most dealers feel that the basic thrust of U.S. monetary policy, which at present seems geared to higher interest rates, will remain unchanged.

There was some activity in the FRN sector yesterday as investors took advantage of the higher rates by buying into issues the coupons of which are due to be fixed again shortly.

At the same time the higher U.S. rates coupled with the weakness of the German currency again prompted falls in the DM sector where prices shed about ½ point in rather thin trading.

The only bright spot on the horizon was Switzerland, where foreign bonds edged up by ½ point. This was the result not only of the stabilisation of the dollar on Zurich exchange markets but also of a forecast from the Swiss National Bank that the inflation rate, at present 3.5 per cent, might fall again next year.

Baring Brothers is arranging a £10m 15-year convertible issue for Japan's largest leasing company, Orient Leasing. The terms, which will be fixed today, include an indicated annual 8 per cent and a conversion premium expected to be around 10 per cent.

The seven-year private placement for Nederlandse Gasunie through AmRo Bank, which was offered on a best effort basis, subject to a maximum of Fl 75m, closed yesterday with subscriptions for Fl 60m. The bonds carry a coupon of 10¼ per cent and are priced at par.

Sharp fall for Curtiss-Wright

CURTISS-WRIGHT, maker of industrial process equipment, and aerospace and nuclear components, has recorded earnings sharply distorted in the first nine months by the change to equity accounting of the stake in Kennecott Copper, which contributed substantially to improved earnings in 1979, writes our Financial Staff.

Third quarter net earnings were $811,000 or 9 cents a share, against $6.5m or 79 cents a share previously, but the totals include a loss of $5.7m this year and a profit of $3.2m in 1979 on the Kennecott equity basis.

At nine months, net earnings of $23.9m compare with $20.7m, but include a loss of $6.8m in 1980 compared with a profit of $10m last year

Ralston Purina earnings up 27% at peak $163m

BY OUR FINANCIAL STAFF

A FURTHER substantial upswing in the final quarter has brought profits of Ralston Purina, world leader in livestock and pet foods, to a record total for 1979-80. Total net for the year is 27.2 per cent higher at $163m or $1.51 a share. Sales gained 6.3 per cent to $4.89bn.

The final quarter brought net earnings of $38.9m—up 41.4 per cent—equal to 36 cents a share, with sales 5.6 per cent higher at $1.30bn.

The company said that fiscal 1979 net earnings were reduced by $21.5m for anticipated losses on the disposal of restaurants and of the Green Thumb horticultural assets.

It predicted another set of record earnings for fiscal 1981. The improvements over the year just ended are expected to begin after the first quarter.

Operating profits in 1979-80 increased in pet foods, livestock and poultry feed, soybean and restaurant operations. Unit sales and earnings improved in the Jack in the Box restaurant division.

Profit contributions from international operations — traditionally some 25 per cent of group sales — were down significantly from the previous year, with pet food results reduced substantially by the costs of entry into the pet food market in France and the expansion of a Canadian plant.

Louisiana Land offshoot ahead

LOUISIANA LAND Offshore Exploration, the 83 per cent owned subsidiary of Louisiana Land and Exploration, has turned in sharply higher earnings in the third quarter, which was boosted by higher prices for oil and gas, writes Terry Byland.

Total net jumped from $229,000 to $2.1m or 16 cents a share, on revenues of $12.4m against $9.3m. Earnings at the nine-month stage show an increase from $3.3m to $6m or 42 cents, with revenues of $35.7m compared with $32.1m.

The parent company, primarily a holder of oil and gas properties, takes the bulk of its profits from petroleum activities, and earned a total net of $169m in 1979.

AMERICAN QUARTERLIES

CHICAGO PNEUMATIC TOOL

	1980 $	1979 $
Third quarter		
Revenue	104.9m	115.4m
Net profits	1.47m	6.98m
Net per share	0.30	1.43
Nine months		
Revenue	350.8m	330.0m
Net profits	10.62m	18.05m
Net per share	2.17	3.57

COMMONWEALTH OIL REFINING

	1980 $	1979 $
Third quarter		
Revenue	341.6m	332.2m
Net profits	†6.8m	20.2m
Net per share	†0.49	1.31
Nine months		
Revenue	945.8m	889.3m
Net profits	†22.7m	82.6m
Net per share	†1.60	5.42

† Loss

CONSOLIDATED-BATHURST

	1980 $	1979 $
Third quarter		
Revenue	331.0m	321.0m
Net profits	27.7m	26.5m
Net per share	1.22	1.16
Nine months		
Revenue	1.03bn	904.0m
Net profits	91.3m	69.2m
Net per share	4.05	3.01

EMERY AIR FREIGHT

	1980 $	1979 $
Third quarter		
Revenue	136.84m	127.07m
Net profits	4.26m	4.15m
Net per share	0.27	0.27
Nine months		
Revenue	410.3m	385.5m
Net profits	15.02m	18.14m
Net per share	0.97	1.18

FOXBORO

	1980 $	1979 $
Third quarter		
Revenue	130.4m	112.5m
Net profits	7.55m	9.16m
Net per share	0.91	1.11
Nine months		
Revenue	365.7m	340.1m
Net profits	20.31m	26.49m
Net per share	2.45	3.20

HALLIBURTON

	1980 $	1979 $
Third quarter		
Revenue	2.15bn	1.39bn
Net profits	129.06m	97.39m
Net per share	2.20	1.65
Nine months		
Revenue	6.14bn	5.7bn
Net profits	360.4m	279.5m
Net per share	6.13	4.75

HOUSEHOLD FINANCE

	1980 $	1979 $
Third quarter		
Net profits	32.1m	40.8m
Net per share	0.65	0.84
Nine months		
Net profits	108.5m	125.5m
Net per share	2.22	2.60

INTERNORTH

	1980 $	1979 $
Third quarter		
Revenue	588.0m	514.9m
Net profits	14.7m	20.1m
Net per share	0.32	0.44
Nine months		
Revenue	2.13bn	1.72bn
Net profits	169.2m	129.8m
Net per share	3.76	2.85

JOHNSON CONTROLS

	1980 $	1979 $
Fourth quarter		
Revenue	270.5m	342.8m
Net profits	11.16m	11.83m
Net per share	0.80	0.84
Year		
Revenue	984.9m	921.4m
Net profits	34.02m	45.59m
Net per share	2.43	3.27

JONATHAN LOGAN

	1980 $	1979 $
Third quarter		
Revenue	141.4m	131.5m
Net profits	5.65m	4.36m
Net per share	1.03	0.79
Nine months		
Revenue	348.1m	326.1m
Net profits	9.35m	4.8m
Net per share	1.73	0.91

KROEHLER MANUFACTURING

	1980 $	1979 $
Third quarter		
Revenue	10.2m	34.3m
Net profits	†1.79m	†3.7m
Net per share	†1.39	†2.90
Year		
Revenue	37.1m	95.0m
Net profits	†6.18m	†9.6m
Net per share	†4.79	†7.47

† Loss

LINCOLN NATIONAL

	1980 $	1979 $
Third quarter		
Revenue	648.5m	624.5m
Net profits	38.9m	44.1m
Net per share	1.79	1.86
Nine months		
Revenue	1.99bn	1.81bn
Net profits	117.2m	121.2m
Net per share	5.40	5.09

MCA

	1980 $	1979 $
Third quarter		
Revenue	332.4m	322.5m
Net profits	43.23m	40.98m
Net per share	1.83	1.75
Nine months		
Revenue	959.6m	878.4m
Net profits	110.74m	134.26m
Net per share	4.70	5.75

NALCO CHEMICAL

	1980 $	1979 $
Third quarter		
Revenue	158.5m	146.9m
Net profits	18.4m	15.9m
Net per share	0.92	0.80
Nine months		
Revenue	454.1m	420.4m
Net profits	52.2m	46.8m
Net per share	2.61	2.35

NIAGARA MOHAWK POWER

	1980 $	1979 $
Third quarter		
Revenue	379.7m	335.9m
Net profits	26.02m	25.51m
Net per share	0.25	0.29
Year		
Revenue	1.71bn	1.42bn
Net profits	152.89m	155.0m
Net per share	1.78	2.03

OGILVY & MATHER

	1980 $	1979 $
Third quarter		
Revenue	63.6m	53.8m
Net profits	2.07m	2.42m
Net per share	0.49	0.59
Nine months		
Revenue	188.1m	154.0m
Net profits	8.92m	7.71m
Net per share	2.14	1.89

PUROLATOR

	1980 $	1979 $
Third quarter		
Revenue	140.1m	117.9m
Net profits	4.18m	4.48m
Net per share	0.94	1.01
Nine months		
Revenue	416.0m	351.8m
Net profits	7.81m	13.56m
Net per share	1.76	3.00

RAMADA INNS

	1980 $	1979 $
Third quarter		
Revenue	118.9m	97.4m
Net profits	5.98m	5.39m
Net per share	0.22	0.20
Nine months		
Revenue	334.8m	276.9m
Net profits	9.99m	12.09m
Net per share	0.37	0.45

20th CENTURY-FOX FILM

	1980 $	1979 $
Third quarter		
Revenue	241.5m	189.6m
Net profits	7.95m	19.67m
Net per share	0.69	1.79
Nine months		
Revenue	644.0m	496.3m
Net profits	46.98m	48.54m
Net per share	4.14	4.23

Wm. WRIGLEY Jr.

	1980 $	1979 $
Third quarter		
Revenue	146.0m	132.3m
Net profits	7.86m	10.83m
Net per share	1.00	1.37
Nine months		
Revenue	417.8m	375.9m
Net profits	20.55m	29.07m
Net per share	2.61	3.69

WALT DISNEY PRODUCTIONS

	1980 $	1979 $
Fourth quarter		
Revenue	265.5m	243.6m
Net profits	40.62m	39.94m
Net per share	1.25	1.23
Year		
Revenue	914.5m	796.8m
Net profits	135.19m	113.79m
Net per share	4.16	3.51

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on November 4

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CECA 11½ 88	100	91	91½	−0⅝	−2⅝	13.37
CFE 13 87	75	†90⅞	91⅜	−1⅛	−1⅛	15.11
Citicorp O/S Fin. 10 86	300	85⅝	86	−0⅜	−2⅜	13.75
Citicorp O/S Fin. 12 87	200	91½	92	−0⅝	−2⅜	13.92
Con. Illinois O/S 9¾ 86	150	84⅜	84⅞	0	−0⅜	13.80
Denmark 11¾ 90	100	89⅝	90⅛	−0⅜	−2	13.65
Dome Petroleum 13½ 92	50	96⅜	96⅞	−0½	−1⅛	14.25
EEC 11 95 (May)	75	85½	86	0	−0⅞	13.23
EEC 11 95 (August)	70	84⅜	84⅞	−0¼	−1	13.43
EIB 13¾ 90	100	99	99½	−0⅛	−2	13.86
Eksportfinans 9½ 87	75	84	84½	0	−0⅜	13.15
Elec. do France 10 88	125	84⅞	85⅜	−0⅜	−1⅜	13.17
Export Dv. Cpn. 12¾ 87	100	97⅜	97⅞	0	−1	13.27
Export Dv. Cpn. 9½ 86	150	84¾	85¼	−0⅜	−2	13.73
Federal Dev. Bk. 12⅛ 85	75	96½	97	0	+0⅛	13.19
Fin. Exp. Credit 10½ 85	50	89⅝	90⅛	−0⅛	−0¼	13.52
Finland Rep. of 9½ 86	100	84¾	85¼	−0¼	−0½	13.62
Ford O/S Fin. 12⅝ 85	250	94¼	94¾	−0¼	−2⅞	14.29
GMAC O/S Fin. 13⅜ 85	100	99¼	99¾	0	−0⅜	13.47
GMAC O/S Fin. 12 78	100	91⅞	92⅜	0	−1	13.83
Gen. Mtrs. O/S 11¾ 87	100	91⅝	92⅛	−0⅜	−1	13.62
Goodyear O/S 12½ 87	75	93⅞	94⅜	−0⅜	−2¼	13.97
Hudson's Bay 11½ 90	75	89⅛	89⅝	−0⅜	−0½	13.50
IBM Canada 10½ 85	50	92½	93	0	−1⅛	12.61
Inr. Harvester 12¾ 85	115	96½	97	+0⅛	−0½	13.68
J. C. Penney Int 12⅜ 88	100	94¾	95¼	−0⅛	+0⅛	13.67
McGraw 13½ 85	75	97⅝	98⅛	0	−0⅛	14.10
NorWest Ind. 13¼ 87	50	97	97½	−0⅛	−0¼	14.25
Nova Scotia 10⅜ 90	50	85⅜	85⅞	−0⅜	−0⅜	13.49
OKB 10 85	50	88¼	88¾	−0¼	−1⅛	13.42
Pemex 11½ 88	100	87⅝	88⅛	−0⅛	−1⅝	14.16
Quebec Hydro 11½ 92	100	87¼	87¾	−0⅜	−1⅛	13.68
Repsteel O/S 11½ 88	100	83⅞	84⅜	0	+0⅛	15.09
Roylease 11¼ 85	50	92½	93	−0⅛	−0⅛	13.41
SNCF 12⅜ 85	50	96⅝	97⅛	−0½	−2	13.28
Sweden 12⅜ 85	150	96	96½	0	−1⅛	13.45
Swed. Ex. Cred. 12⅞ 85	40	97½	98	+0⅛	−0⅜	13.13
Swed. Ex. Cred. 12 83	50	95⅝	96⅛	0	−1⅛	13.79
Transamerica 12⅝ 83	50	95¾	96¼	−0¼	−1	14.11
UER Overseas 13½ 88	50	†92½	93	0	−0⅛	15.12
Unilever NV 9¾ 90	100	81	81½	−0¼	−1	13.27
World Bank 9⅜ 85	200	87⅜	87⅞	−0⅛	−1¼	13.48
World Bank 10¼ 87	300	86½	87	−0¼	−2⅜	13.35

Average price changes... On day −0¼ on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 90	100	94⅝	95⅛	−0¼	−0⅜	9.16
Australia 8⅛ 90	250	95¾	96¼	+0⅛	−0⅛	8.74
Austria Rep. of 8¼ 92	150	93¾	94¼	−0⅜	−1⅞	9.07
BFCE 8⅛ 95	100	91½	92½	+0⅛	−2⅜	9.15
CECA 7⅞ 92	150	91⅜	91⅞	−0½	−1¼	9.07
CII-Honeywell 8¾ 90	125	95⅝	96⅛	−0⅜	−0⅜	9.04
Denmark 7⅞ 86	100	93	93¼	0	−0⅜	9.52
Denmark 8¼ 92	100	94⅞	95⅞	0	−1	8.91
EEC 7⅞ 94	225	90½	91⅛	−0⅛	−1⅛	9.05
EIB 8½ 90	200	97¼	98	−0⅛	−0¼	8.87
Finland, Rep. of 8 86	150	94⅞	95⅜	−0⅛	−0⅛	9.04
Iberduero SA 9 90	100	97⅝	98⅛	+0⅛	+0¼	9.31
Japan Air Lines 8⅜ 87	100	94⅛	95	0	0	9.19
Japan Dev. Bk. 7⅞ 87	100	92	92¾	−0⅛	−1½	9.17
Kobe, City of 8 90	100	93½	94¼	+0⅛	−2⅜	8.96
Norway 7½ 85	250	94⅝	95⅛	+0⅛	+0⅛	8.97
Nuclebras 9¾ 88	100	94⅝	95⅛	−0⅛	−0⅛	10.71
OKB 8¼ 92	150	93¼	94¼	−0½	−1¼	9.06
Oslo, City of 8¾ 90	80	99⅛	99⅝	−0⅛	−0⅛	8.84
World Bank 8 90	700	91¼	92	−0⅛	−2½	9.34
World Bank 7⅞ 90	250	91¼	92	−0⅛	−0⅞	9.26
World Bank 10 86	150	103⅞	104⅜	+0¼	0	8.96
World Bank 10 90	200	104⅞	105⅜	−1	−3⅛	9.13

Average price changes... On day −0⅛ on week −1⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Rep. of 5½ 90	100	99⅛	99½	−0⅛	0	5.47
Beyer Int. Fin. 5¼ 92	100	100⅛	100⅜	+0½	+0⅛	5.22
Bergen, City of 6 90	50	101¾	102	+0¼	+0½	5.73
Buhrm'n-Tetterode 7 90	40	†105	106	0	−0¼	6.21
Copenhagen Tele. 5¾ 90	60	95⅞	96⅜	+0⅛	+0⅞	6.30
Denmark 5¾ 90	80	97¾	98	−0⅛	−0⅛	6.04
EIB 4¾ 94	100	84⅜	84⅞	−0⅜	0	6.03
Elet. de France 5¼ 90	100	98⅞	99⅛	0	+0⅛	5.38
Eurofima 5¾ 92	80	102¼	102½	−0¼	+0⅛	5.47
F. G. H. Hypo Bk. 6 90	50	†103	103½	0	+0⅛	5.55
Finland Rep. of 5⅝ 90	80	95	95¼	+0⅛	+0½	6.30
GZB 4¾ 89	100	89⅞	89⅝	+0⅛	+1¼	5.82
Int.-Amer. Dev. 7 90	80	105⅜	105⅝	+0⅛	+1½	6.24
Japan Dev. Bk 5¾ 90	100	101	101¼	+0¼	+0⅛	5.60
Jutland Tele. 5½ 90	50	96½	96¾	−0⅛	+0⅛	5.98
Mt. Blanc Tunnel 5½ 90	60	99⅝	99⅞	+0⅛	+0⅛	5.53
Newag 5¾ 90	80	100½	100¾	+0¼	+0⅛	5.66
Nippon Tel. & T. 4⅞ 89	100	93½	93¾	+0⅛	+0¼	5.16
Norges Komm. 4½ 91	100	89	89¼	+0½	+1⅛	5.74
OKB 4¾ 91	100	87½	87¾	−0¼	+0½	5.95
OKB 6 90	100	101⅝	101⅞	−0¼	+0½	5.75
Oslo, City of 4⅞ 91	100	88	88¼	+0⅛	+0⅛	5.87
Oslo, City of 5⅞ 90	80	100⅛	100⅜	0	+0⅛	5.84
Philips Lamps 5¾ 92	100	98½	98¾	+0⅛	+0⅛	5.91
Sekisui Pre. Hms. 6 90	80	102	102¼	+0⅛	+1	5.70
Shikoku El. Pwr. 4¾ 89	100	92½	92¾	−0⅛	+0½	5.84
Trade Dev. Fin. 6⅛ 90	50	97¾	98	+0⅛	−0¼	6.42
Voest-Alpine 5¾ 90	80	98¼	98½	+0¼	−0⅛	5.97
World Bank 4⅞ 89	150	89⅝	89⅞	+0⅛	+1½	5.89

Average price changes... On day +0⅛ on week +0½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	90⅞	92⅛	0	0	9.00
Australia 6½ 88	20	87⅜	88⅜	0	0	8.77
EIB 7¾ 89	72	85⅞	86⅞	0	0	8.44
Finland 5.6 83	10	90⅞	91⅞	0	+0⅛	9.25
Finland 6.8 88	10	86⅜	87⅜	0	0	9.25
Finland, Rep. of 8¾ 87	16	95⅝	97	0	+0½	9.11

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	92⅝	93⅜	−0¼	−1⅛	12.61
CIBC 13½ 85 C$	50	†97⅝	98⅛	−0¼	−0⅜	14.02
CIBC 11½ 85 C$	60	†93	93¾	0	−1⅛	13.45
Federal Dev. 11½ 90 C$	60	†86⅝	87½	−0½	−2⅝	13.97
Fst. Can. Inv. 10 84 C$	50	†88⅝	89⅜	−0⅛	−2	14.05
R. Bk. Canada 10 86 C$	40	92	93	0	−0⅛	11.89
Tordom Cpn. 13½ 85 C$	30	†98	98⅜	−0⅛	−0⅜	13.94
M. Bk. Dnmk. 9 91 EUA	25	95	96	−0½	−0⅛	9.84
SOFTE 8¾ 89 EUA	40	88⅛	90	−1⅛	−0⅛	10.17
U. Bk. Nrwy 9½ 90 EUA	18	98½	99½	+0⅛	−0⅛	9.65
Algemene Bk. 10¾ 87 Fl	400	99⅞	100¼	+0¼	+0¼	10.20
Bk. Mees & H. 10 85 Fl	75	100	100½	0	−0⅛	9.91
F. G. Hypo 9¾ 87 Fl	60	96⅝	96⅞	+0⅛	+0⅛	10.45
Heineken NV 10 87 Fl	75	97⅛	97⅝	+0⅛	0	10.54
Nat. Inv. Bk. 10 87 Fl	75	97⅞	98⅛	+0⅛	−0⅛	10.38
Nat. Neder. 9½ 87 Fl	60	96⅛	96⅝	+0⅛	−0⅛	10.25
Ned. Midd. Bk. 10 85 Fl	75	101¼	101¾	0	0	9.59
Aero Paris 13½ 87 FFr	150	96½	97¼	−0⅛	0	13.89
CECA 14¾ 86 FFr	150	102⅜	103⅛	+0⅛	+0⅛	13.48
Finland 11 84 FFr	80	91	92	0	−0⅛	13.93
Finland 11½ 89 FFr	70	86⅛	87⅛	0	−0⅛	14.20
Gaz de France 11 84 FFr	150	92⅛	93⅛	−0⅛	−0⅛	13.33
IBM France 11⅞ 84 FFr	120	93⅞	94⅝	−0⅛	+0⅛	13.79
Renault 9⅞ 85 FFr	100	84⅞	85⅞	−0⅛	−0⅛	14.20
Solvey et Cie 9¾ 87 FFr	125	80⅞	81⅞	+0⅛	−5⅛	14.48
Utd. Mx. Sts. 14 85 FFr	150	98⅝	99⅜	+0⅛	+0⅛	14.20
Beneficial Fin. 14¼ 90 £	20	98½	99	−0⅛	−1⅞	14.45
BNP 13½ 91 £	15	96⅝	97½	−0⅛	−1⅛	14.02
CECA 13½ 88 £	20	96⅛	97¼	−0⅛	−1⅛	14.12
Citicorp O/S 13¾ 90 £	50	97⅛	98⅛	−0½	−0⅞	13.91
Fin. for Ind. 14½ 88 £	20	100½	101¼	−0⅛	−0⅛	14.25
Fin. for Ind. 13⅞ 88 £	20	98⅛	98⅞	−0⅛	−1⅛	14.08
Gen. Elec. Co. 12½ 89 £	50	94⅜	95⅛	−0⅛	−0⅞	13.47
Peugeot SA 14 90 £	23	98⅛	98⅞	−0⅛	−1⅛	14.26
Rothschild 14⅛ 90 £	12	98⅞	99⅜	−0⅛	−1⅛	14.37
Swed. Ex. Cr. 15⅛ 85 £	20	102½	103⅛	−0⅛	−1⅛	14.25
Banobras 8½ 90 KD	7	†90⅞	91⅞	0	0	9.76
CCCE 8¾ 91 KD	10	†86⅞	87⅞	−0⅛	0	10.27
Sonatrach 8½ 90 KD	12	†91⅛	91⅞	0	0	9.99
Akzo 9¼ 87 LuxFr	500	92½	93½	0	−0⅛	10.81
Euratom 9¾ 88 LuxFr	500	96⅛	97⅛	+0⅛	−0⅛	10.43
Eurofima 10½ 87 LuxFr	500	97⅛	98⅛	−0⅛	+0⅛	10.87
EIB 9¾ 88 LuxFr	600	97⅛	98⅛	−0⅛	0	10.21
Volvo 9¾ 87 LuxFr	500	94	95	0	0	10.80

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5½ 87	0¼	97¼	97¾	2/1	10.44	10.71
Bank of Tokyo 5¼ 89	§0⅛	97⅞	97⅞	25/4	13.94	14.28
Barclays O/S Inv. 5 90	0¼	97½	98	13/12	9⅝	9.85
Bergen Bk. A/S 6 89	§0¼	97⅞	98⅜	29/11	12¼	12.48
Bilbao Int. N/V 5¾ 90	0⅛	97⅞	98⅜	29/11	10.08	10.28
BNP 5½ 88	0⅛	98⅞	98⅞	29/1	5½	5.58
CNT 5¼ 86	§0¼	98⅛	98⅝	16/4	13¼	13.47
Citicorp O/S F. 83	§‡0	99	99½	23/11	11.44	11.52
Citicorp O/S F. 84	‡0	99⅜	99⅞	30/11	15	15.08
C. Itoh 5¾ 87	0¼	97⅞	98⅜	18/3	12⅞	13.12
Co-operative Bk. 6 86	0¼	98⅛	98⅝	15/11	11.44	11.63
Creditanstalt 5½ 91	§‡0¼	97¼	97¾	14/12	12.06	12.37
Den Norske Credit 6 90	0¼	98½	99	5/2	6	6.08
Genfinance 5¼ 87	0¼	98⅞	99⅜	30/4	5¼	5.30
GZB 5½ 89	‡0¼	97⅞	98⅛	1/11	9.81	10.00
Jugobanka 8 89	0⅞	93⅛	93⅝	23/11	11½	12.60
Ind. Bank Japan 5¼ 87	0¼	97¼	98⅛	15/4	13.31	13.57
Ind Bank Japan 5¼ 88	0¼	97⅜	97⅞	9/4	13⅛	13.48
Lloyds Eurofin 8 90 £	0¼	95⅝	96⅛	3/1	15⅛	16.43
LTCB Japan 5¼ 86	0¼	98⅜	98⅞	13/12	9⅝	9.76
Mfrs. Han. O/S 5¼ 94	‡0⅜	97⅞	98⅜	30/11	12⅛	12.37
Midland Intl. Fin 5 89	0¼	98	98½	20/12	9½	9.67
Midland Intl. Fin. 5¼ 92	0¼	97⅞	98⅜	5/12	10⅞	11.11
Nacional Fin. 6¾ 86	0¼	97	97½	25/1	9.69	9.96
Nat. West 5¼ 94	§0¼	97	97½	14/4	13¼	13.62
Nat. West 5¼ 92	§0¼	97¼	97¾	23/4	13.69	14.02
Nippon Credit 5¼ 87	0⅛	99	99½	6/11	10⅞	10.96
Royal Bk. Scot. 5¼ 94	§‡0¼	98⅛	98⅝	11/1	13¼	13.47
Standard Chart. 5¾ 90	0¼	97⅞	98⅜	6/3	12.06	12.32
Svenska Hndlsbk. 5 87	0¼	97½	98	15/1	10	10.23
Bq. Ext. d'Alg. 4⅞ 89 SF	0⅛	89	90	18/12	6⅛	6.84

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 7⅛ 95	2/80	615.5	†124	125⅛	−1⅛	−6.44
Blocker Energy 8⅝ 95	1/81	21.87	†112	113¼	−0⅛	−2.32
Credit Suisse 4⅛ 93	10/79	1278	†114	116	+1⅛	−2.87
DDKK 11 90	4/80	324	†104	105	0	15.80
Digicon Fin. 8⅛ 95	10/81	29.5	†101½	102½	+0⅛	3.76
Dynolectron 9½ 95	8/80	12.22	†130	131	+0⅛	3.69
Ensearch Fin. 9½ 94	7/80	30.25	*148⅛	149⅛	−0⅛	−4.00
Hanson O/S Fin. 9½ 95	1/81	1.92	97⅛	98⅛	0	−2.30
Huffy Int. Fin 8½ 95	12/80	23.25	†91½	93½	+0⅛	41.82
INA Overseas 8¾ 2000	4/81	42	99⅛	100⅛	−0⅛	9.36
Inchcape Ltd. 8 95	2/81	4.55	106⅛	107⅛	0	−3.71
JACCS 7½ 95	11/80	585	103⅞	104⅞	+0⅛	5.91
Marion Int. Fin. 9 95	12/80	23.25	†102	103	−0⅛	7.41
Matsushita Elec 7⅛ 95	11/80	649	102⅜	103⅜	+0⅛	9.20
MEPC 8¼ 96	2/81	2.47	101⅜	102⅜	0	4.46
Nissho Iwai Co. 8 95	10/80	398	100½	101½	+0⅛	0.69
Ricoh 6⅝ 95	8/80	604	†106⅜	107⅜	+0⅛	−3.31
SBC 6¾ 90	9/80	200	98⅛	99⅛	[illegible]	7.94
Taylor Woodrow 8⅞ 90	1/81	4.94	96⅛	97⅛	−0⅛	2.74
Tricorp. 8½ 95	12/80	31.25	†100⅛	101⅛	−0⅛	19.96
Union Bk. Switz. 5 89	2/80	121.4	95	96⅛	+1⅛	−5.37
Fujitsu 5 84 DM	7/78	476	134⅛	135⅛	+4	9.16
Sharp Corp. 6⅛ 86 DM	9/80	595	132½	133½	+3⅛	−1.52
Unv Co. 6½ 85 DM	11/79	1071	98⅛	99⅛	−0⅛	12.98

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

HONG KONG STOCK MARKET

Bulls ride the battling hongs

BY JOHN MAKINSON

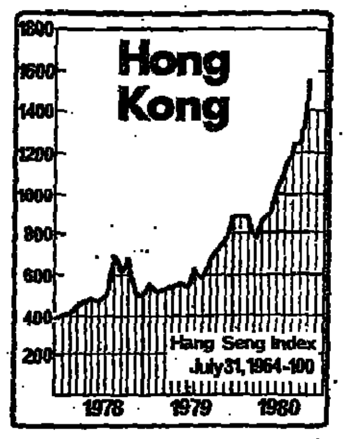
MONDAY'S SPECTACULAR share purchases by Jardine Matheson and Hongkong Land may have punctured the speculative bubble which had driven up their share prices but it has scarcely arrested the upward momentum of the Hong Kong stock market as a whole.

On Monday night, when the dust was starting to settle and the Hong Kong Securities Commission was compiling a fighting statement, brokers in London were bracing themselves for a sharp downward reaction. In the event, the Hang Seng index, which had leapt 121 points to 1,557 in the previous two trading days, shed only one point and, but for the correction to the Jardine and Land prices, the index would certainly have shown a fresh rise.

The movement of the index so far this year has been dramatic. It stands at more than double the level recorded in March and almost all the colony's principle companies have profited from the buying spree.

The resilience of the market yesterday ca nbe explained in part by the liquidity pumped in during Jardine's purchase of 78.3m shares in Land. The reverse opertion, in which Land doubled its Jardine holding to 30 per cent, is less to trace as the shares were almost certainly purchased in a block. The most likely seller is Mr. Li Ka-Shing, who was earlier reported to be preparing a bid for Jardine.

Jardine's purchases alone, however, released around HK$2.2bn (US$4.37m) to the market and much of this will have spilled over into other leading stocks, such as Cheung Kong, which rose 75 cents to $34.75 yesterday. Turnover on the four Hong Kong exchanges added up to HK$835m, a long way short of Monday's $1.4bn, but still well above average.



The obvious analogy with the bullish trend is 1973, when the index soared to 1,770 and then crashed back in the following year to 160. Yet the same investors whose fingers were badly burned during that debacle are still aggressive buyers. Brokers in London report that UK institutions have probably turned net sellers in Hong Kong, but there is still strong buying interest from South East Asia as well as from local investors.

Certainly the analogy with 1973 is none too precise. The market then was trading at its peak on an average price earnings ratio of around 100 while now it is around 20. Yet even this rating is discounting rapid earnings growth over the next few years.

The market' rise is still being fuelled partly by takeover speculation. The two principal candidates, Jardine and Land, have almost certainly rendered themselves invulnerable but other companies look more accessible. Wheelock Marden, another of the princely "Hongs," is a strong possibility and rumours were circulating yesterday that Mr. Li Ka-Shing might turn his profit from the Jardine sale to an assault on Wheelock. In the meantime, there will almost certainly be some jostling of existing share stakes. Sir Yue-Kong Pao, for example, is currently seeking to buy more shares in East Asia Navigation.

A more solid support for the market is the "weight of money" argument. The banking system continues to lend at a headlong rate and, at the end of June, domestic credit had risen by more than 50 per cent over the previous 12 months. This lending has provided a decisive spur to the money supply, which is increasing tt an annual rate of close to 40 per cent.

The main corporate players in the stock market either have ready access to cash or are sitting on sizeable reserves. Jardine and Land will almost certainly have needed to borrow heavily to finance Monday's operation, but Mr. Li Ka-Shing, for example, has made enormous profits in disposing of his stake in Hongkong and Kowloon Wharf to Sir Yue-Kong, and may also have turned a useful profit on the Land/Jardine exercise.

The weight of money support is worrying to many analysts of the market. They point out that a one-point increase in the local prime rate to 13 per cent over the weekend went largely unnoticed. The investors who are currently borrowing at high rates to buy low-yielding stocks on margin may desert the market with alacrity if the index starts to fall, they argue.

The strength of Hong Kong's economic position provides at least some evidence that the market's present position has firm foundations. Exports have been barely disturbed by the U.S. recession and real GDP continues to plough ahead at more than 10 per cent a year. The colony's heavy deficit on visibles acts as a counterweight to the inflow of investment money and keeps the exchange rate down.

Underpinning the index above all, however, is the property market. Almost all of Hong Kong's leading companies have property interests and the fastest growers, like Cheung Kong, are property groups. Prices have rocketed over the past year and market capitalisations are roughly in line with asset valuations but the optimists point out that the supply of office accommodation will not meet demand until at least 1982 and the housing market will not reach equilibrium until even later. Hong Kong has a young, growing population and, with China showing a more friendly face to the world, political risk has been minimised, they claim. It is largely on this property market that the future of the Hang Seng index will turn.

APPROXIMATE INTERLOCKING HOLDINGS

Jardine Matheson: 42 per cent of Hongkong Land
Hongkong Land: 30 per cent of Jardine Matheson; 12 per cent of Wheelock Marden; 12-14 per cent of Hongkong and Kowloon Wharf
Cheung Kong (controlled by Mr. Li Ka-Shing): 31 per cent of Hutchison Whampoa
World International (controlled by Sir Yue-Kong Pao): 49 per cent of Hongkong and Kowlon Wharf; 45 per cent of East Asia Navigation
Hongkong and Kowloon Wharf: small stakes in Jardine Matheson and Hongkong Land
Keswick family: 15 per cent of Jardine Matheson
Swire Pacific: 68 per cent of Swire Properties
Hongkong and Shanghai Bank: 5 per cent of Jardine Matheson

Commission halts Jardine raid on HK Land

BY OUR HONG KONG CORRESPONDENT

The Hong Kong Securities Commission has warned Jardine Matheson that if it buys any more shares and warrants of Hongkong Land it will have acquired control of the company and must then make a general offer to all shareholders.

The warning put a swift stop to Jardine's raid on Hongkong Land which started on Monday morning and in which it bought 78.3m Land shares at about HK$28 (US$5.55) each. The raid allowed Jardine to lift its holdings in Land to 42 per cent on the fully diluted basis and rules out possibilities of a takeover bid for the company by Chinese businessmen.

The warning was issued by the commission's takeover committee under the provisions of Hong Kong's takeover code, a document based on the presumed consensus of the business community and not legally binding. When Sir Yue-Kong Pao, the shipowner, refused in June to make a general offer to Hong Kong and Kowloon Wharf shareholders after raising his holdings in Wharf to 49 per cent with a similar raid, the committee had to satisfy itself only with censuring his financial advisers, Wardley.

However, Jardine officials are unhappy about the warning. They complained that it set an arbitrary limit to Jardine's holding in Land and that it blocked plans to buy a few million more Land shares over several days in order to give small shareholders a greater chance to take advantage of the raid.

Both stocks dropped sharply on the Hong Kong stock market yesterday, Jardine by HK$1.75 to HK$30.75 and Land HK$2.70 to HK$25.50. Investors who sold their Land shares in the raid divided their attention between blue chip stocks such as Hongkong and Shanghai Banking, which climbed 70 cents to HK$22.20, and property holding concerns which may prove alternative takeover targets, such as Hutchison Whampoa and Wheelock Marden.

Bosch to take over Braun photo operation

By Our Financial Staff

ROBERT BOSCH, the West German electrical and electronic components group, is to take over the photo equipment operations of Braun, the West German subsidiary of Gillette Corporation of the U.S.

The two companies said that the move, which will take place during the next two years, resulted from increased competition in the 8mm film and camera flash market sectors. Braun, which is based in Kronberg, said that these sectors would fit well into the Bosch product mix, although large investment would be necessary.

The annual turnover of Braun to the end of September 1979 was DM 825m ($430.9m) while the worldwide sales of Bosch for 1979 were DM 10.6bn ($5.54bn), of which slightly more than half were abroad.

No price for the takeover was disclosed but, according to Bosch, it involved a purchase of rights to certain brands. Bosch was not acquiring a capital interest in Braun.

The company said that from January, 1981, Bosch would acquire the right to market Braun's Nizo film cameras and projectors as well as flash units under the Braun name, with Braun retaining responsibility for customer service. In 1982, Bosch will take over the service responsibilities, and in 1983, it will start production of the photo products in Singapore.

Burmeister and Wain parent company declared bankrupt

BY HILARY BARNES IN COPENHAGEN

B & W A/S, parent company of the Burmeister and Wain shipbuilding and industrial group, was declared bankrupt by the Copenhagen courts yesterday with a deficiency of DKr 145m ($24.5m).

The bankruptcy will not have any direct effect on the B & W shipyard in Copenhagen, which since July has operated as a subsidiary with a substantial equity capital which cannot be touched by the claims against the parent company.

The shares in the shipyard are at present deposited with the Export Credit Council as security for pre-delivery financing, so that in effect the company is under government supervision.

B & W Diesel, now owned by Maschinenfabrik Augsburg-Nürnberg of West Germany, is not affected by the bankruptcy moves.

B & W A/S had a negative equity capital if DKr 145m when payments to creditors were suspended by B & W on August 8. Although Mr. Ole Pontoppidan, the board chairman, told a meeting of shareholders on Monday that after further assets sales there was now a positive equity capital of DKr 62m, the bankruptcy court stated that there were no grounds for setting aside the August estimate made by the auditors. On this basis the company was declared bankrupt.

B & W suspended payments after a chaotic year in which the group had five changes of managing director and three of chairman. When the 1979 accounts were finally published earlier this month the auditors refused to sign them, mainly because of uncertainty about the correct valuation of a number of assets and liabilities. The bankruptcy was the result of a claim by one of the smaller creditors, but the main creditor, the Gredana investment and textiles group, did not oppose the bankruptcy application

Jaeger shows sharp profit drop

BY TERRY DODSWORTH IN PARIS

A COMBINATION of labour disputes and falling car sales in Europe caused a sharp fall in profits at Jaeger, the French instrumentation group, in the first half of this year.

According to M. Pierre Picard, the chairman, the company's net earnings declined to FFr 9.9m ($2.3m) from FFr 13.9m was strongly influenced by a two-week strike in the aeronautical equipment division along with disturbances in the vehicle components section. He estimated the cost of the disputes at between FFr 10m and FFr 13m.

M. Picard stressed, however, that these problems would not deflect the company from its long-term investment plans which are aimed at raising sales to FFr 2bn by 1983 against FFr 1.18bn last year. Consolidated turnover in the first half amounted to FFr 722.5m, an increase of 18.2 per cent on the same period last year.

With this expansion in mind, Jaeger is currently planning a capital increase of between FFr 100m and FFr 120m, although M. Picard would not say how this would be achieved.

M. Picard also made it clear that Jaeger expects to shed its loss-making watch- and clock-making interests in the near future after the breakdown of the ambitious joint Matra-VDO plan to form a common unit to rationalise their interests.

Jaeger is forecasting a turnover of about FFr 1.4bn for the whole of this year, and profits in line with those achieved in the first half.

Deutsche Texaco venture rejected by Cartel Office

BY LESLIE COLITT IN BERLIN

THE WEST GERMAN Cartel Office has rejected a proposed business combination between Deutsche Texaco and the West German Zerssen group, a heating oil distributor. The Cartel Office in Berlin said the merger would further strengthen the "market dominating position" of the refiners of light heating oil.

Deutsche Texaco said it was weighing the steps it would take against this "original interpretation" of cartel law. The company said it would have had a 45 per cent share in a joint company formed with Zerssen.

According to the Cartel Office, Zerssen and Co., is one of the most important heating oil dealers in the northern state of Schleswig-Holstein.

The Cartel Office noted recently that the major oil companies in West Germany have been extremely active in takeovers of heating oil distributors over the past five years. According to the Cartel Office the 14,000 independent heating oil dealers in West Germany were a competitive force in the past, which, by utilising the Rotterdam oil market, prevented the major oil companies from entirely dictating prices. The recently amended cartel law noted that the "undesirable intrusion" of major companies into markets with many medium-size companies should be prevented.

Deficit mounts at Swedish state shipyard group

BY WESTERLY CHRISTNER IN STOCKHOLM

SVENSKA VARV, the Swedis state-owned shipyard group, has reported a loss on operations of SKr 1.19bn ($281.1m) for the first eight months of the year, SKr 474m more than for the corresponding preiod in 1979.

The increased loss was attributed to a generally worsened outlook for shipping and depressed prices. Group sales in the period reached SKr 3.39bn ($803.3m), up from SKr 3.15bn.

For all of 1980 the loss is expected to total SKr 1.65bn, almost double the SKr 867m deficit in 1979, which included the Kockums shipyard taken over by Svenska Varv last year. Excluding Kockums the group showed a pre-tax profit of SKr 7m in 1979.

Svenska Varv is incurring heavy costs from the continued restructuring of group units. According to the group's restructuring plan, presented in January, the units will continue to return losses for several years until the plan is completed.

The Öresund yard, in Landskrona, recorded a substantial loss during the eight months. Last Thursday, the group's board announced it had decided to close down Öresund, which has 2,300 employees, by the end of 1983.

As previously reported, the Kockums yard returned a net loss of SKr 362.1m in the eight months, SKr 220.8m more than for the same period last year.

Premier Group tops mid-year targets

By Our Johannesburg Correspondent

Premier Group, the 51 per cent-owned South African, diversified food and consumer goods subsidiary of Associated British Foods which this week changed its name from Premier Milling, has exceeded its long-term growth targets for the six months to September 30, 1980.

The first half trading profit was 36 per cent ahead, at R35.3m ($47m), against R26.0m for the corresponding period last year and R58.6m for the year to March 31, 1980. First-half turnover was 27 per cent higher at R550.3m ($734m) compared with last year's first half figure of R435.0m and R909.5m for the whole year.

Mr. Tony Bloom, the chairman, attributed the profit improvement to higher turnover arising from strong demand for all the group's products.

Premier did not consolidate the results of its 55 per cent interest in the record producer, Gallo, acquired from June 30 nor do the results include six months' trading by the bookshop division.

Mr. Bloom is confident that the previous pattern whereby second-half operations have resulted in higher earnings than in the first half will continue. But he does warn that the attributable earnings growth rate of 43 per cent is unlikely to be sustained. For the next three years, however, Premier has targeted earnings growth at a compound annual rate of 20 per cent.

An interim dividend of 22 cents has been declared from first-half earnings of 63.5 cents. Last year the interim was 17 cents from earnings of 44.5, and for the full year a total dividend of 39 cents was declared from earnings per share of 110.1 cents.

BARLOW RAND

Acquisitions raise sales and profits

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA'S largest industrial group, Barlow Rand, achieved record earnings and turnover in the year ended September 30. Operating profit rose 60.2 per cent to R464.9m ($620m) while turnover rose 51.5 per cent to R3.46bn.

The management points out that various acquisitions made in the year, including C. G. Smith, the sugar and textiles group, helped to increase turnover and profits. Group profit including investment income but before tax was R516.4m against R315.7m and net group profit was R343.5m against R201.5m.

Virtually all of the group's divisions achieved substantial earnings improvements, reflecting the buoyant state of the South African economy. This has been particularly the case for the group's consumer and construction industry related operations. In particular cement, paint, and building materials subsidiaries, which reported before the parent, all indicated significantly improved earnings.

In addition gold and coal profits of Transvaal Consolidated Land, a 60 per cent-owned mining subsidiary, were substantially higher, while there was the added benefit of last year's acquisition of the Cape Asbestos mining operations in South Africa. These were partly offset by the poor performances of T. C. Land's chrome mines.

The management has made no specific forecast for the current year apart from giving an indirect warning that the growth rate could slow because the group is now operating from a far larger earnings and asset base.

However, individual directors are confident that particularly in the mining and construction sectors the South African economy and the group have considerable growth potential for the next few years. Many industries are now locked into capital spending projects due to last for two or three years.

A 3.1 times covered 58 cents per share total dividend has been declared for the year compared with a 3.1 times covered 38 cents dividend in 1979. On the Johannesburg stock exchange Barlow Rand shares closed at 1,255 cents on Tuesday.

Sharp rise at Rand Mines Properties

BY OUR JOHANNESBURG CORRESPONDENT

PRE-TAX PROFITS of Rand Mines Properties (RMP), the 58 per cent-owned South African property arm of Barlow Rand, increased by 89.9 per cent to R9.3m ($12.4m) in the year to September 30. Turnover rose by 49.0 per cent to R31.9m ($41.7m).

While this performance reflects the strength of the country's property market, major interest in the company focuses on its plans to turn old gold-bearing mine dumps to account.

An additional 10m tonnes of treatable material has been identified on the old Crown Mines property, raising available dump tonnage to 60m tonnes. At current prices, the dump retreatment project is expected to cost R40m, to be funded from internal resources and from arranged borrowings of R40m.

Earlier this year, the company announced that dump retreatment should be on stream by 1984, that costs were estimated at anything up to R4 per tonne treated and that a gold price of $313 an ounce would be needed for the project to break even.

RMP has declared a dividend of 24 cents from earnings per share of 50.5 cents. In 1979, a 17 cent dividend was declared from earnings of 34.3 cents.

Nampak lifts income despite difficult year

BY OUR JOHANNESBURG CORRESPONDENT

NAMPAK, South Africa's largest packaging company, increased its pre-tax income by 29.1 per cent in the year ended September 30, despite what the management describes as a difficult year for the corrugated container division. Pre-tax profit rose to R55.3m ($73.7m), from R42.8m in 1978-79, and turnover to R327.2m ($436m), from R240m.

The group has recently completed a major rationalisation and restructing of operations into product divisions and, in the year, made four acquisitions in related fields. These developments, says Mr. Bas Kardol, the executive chairman, cost the company both money and a considerable amount of management time. However, he adds that Nampak has no major acquisition plans for the near future.

The group has capital spending plans of R60m spread throughout the group. Mr. Kardol says, however, that no individual project is expected to cost more than R2m.

A total dividend of 46 cents per share has been declared, from earnings per share of 120.2 cents. Last year dividends were 38 cents and earnings per share 95.5 cents. Nampak is a 59 per cent-owned subsidiary of C. G. Smith and, therefore, an indirect subsidiary of Barlow Rand.

Tongaat doubles earnings

BY OUR FINANCIAL STAFF

TONGAAT COROGROUP, the South African brickmaker, more than doubled group profit after tax in the half year to September 30, to R8.1m ($10.8m) from R3.8m in the same period of the previous year, and R7.7m in the whole of the previous financial year.

Profits before tax amounted to R13.9m, against R7.5m in the first half of 1979-80, broadly equalling the profits of the whole of last year.

Earnings a share for the full financial year are forecast at about 70 cents, against 35.9 cents last year. A dividend of 10 cents has been declared for the half year, against 4 cents a year earlier. For the last full year, the dividend was 12 cents.

Exports boost Sharp in first half

By Yoko Shibata in Tokyo

SHARP CORPORATION, a leading Japanese manufacturer of consumer electronic products and business machines had reported increased earnings for the six months to September as a result of brisk export and strong sales of video tape recorders (VTRs).

Operating profits gained 18.9 per cent to Y14.28bn ($67.7m) on sales of Y246.53bn ($1.17bn) up 26 per cent over a year earlier. Profits per share were Y13.16, compared with Y12.52 a year earlier.

Strong exports, especially of plain paper copiers (PPCs), higher quality radio-cassette recorders and VTRs, gave impetus to the upsurge in sales.

Exports jumped by 43.8 per cent to account for 54.4 per cent of total turnover. Sharp is a latecomer to the VTR market, but good marketing tactics raised sales of the electronics division by 68 per cent. The company is currently manufacturing 30,000 VTRs a month, about 40 per cent of which are sold overseas, and plans to bring production up to 50,000 units a month by next May.

Despite weakened consumer spending in the U.S. and Europe, the company has been successful in marketing audio equipment, in particular higher quality radio-cassette recorders. As a result, sales of the audio equipment sector gained 37.2 per cent. Sales of consumer electric equipment such as air-conditioners and refrigerators experienced a setback of 10 per cent, however, because of the cold summer.

Sharp is a leading manufacturer of large scale integrated circuits (LSIs) by the C-MOS method with a current manufacturing level of 4m units a month. Sales of the electronics devices division advanced by 33.2 per cent in the half year.

The increase in sales of LSIs with their high added value led to improved gross profit margins. In exports, the company insulated itself from the yen's appreciation by contracting exports in the forward exchange market. With capital outlays of Y38bn planned for the current year, the company plans to expand production capacity of VTRs and to develop products with higher added values. Research and development expenses are projected at 3.5 per cent of total sales.

For full year ending March, Sharp's operating profits are forecast at Y29bn, up 23 per cent, net profits at Y16bn, up 27 per cent, and sales at Y495m, up 25 per cent over 1979-80.

Ampol Petroleum recommends new offer from Pioneer

BY JAMES FORTH IN SYDNEY

THE DIRECTORS of Ampol Petroleum yesterday recommended that shareholders and convertible noteholders should "seriously consider" accepting the on-market take-over offer from Pioneer Concrete Services.

Pioneer last week raised the price at which it was prepared to stand in the market from A$1.70 to A$2.00 a share after its rejection by the Ampol Board—on the grounds that it undervalued the company—resulted in only a trickle of sales. The offer is due to close at the end of trading tomorrow.

However, Ampol directors repeated their view that the value of Ampol shares viewed as a long-term strategic investment in the energy field was more than A$2.00. They urged shareholders who were able to take such a long term view to consult their own financial advisers. The Board recommended that holders give serious consideration to selling because Pioneer appeared likely to gain control of Ampol as a result of its on-market offer—it already holds about 32 per cent of the capital. The directors added that the price of Ampol shares was likely to fall after Pioneer's on-market offer closed.

They said that some holders could be affected by tax considerations and should seek advice. The convertible notes were only issued in January and sales would attract tax because they would be made within one year of purchase.

The directors said that the board of Ampol Exploration, which is 49 per cent owned by Ampol Petroleum, would meet today to consider its action in respect to Pioneer's offer.

Ampol Exploration recently purchased 14.5 per cent of Ampol Petroleum's capital from Ansett Transport for A$42.5m (US$49.8m) or A$1.56 a share.

At A$2.00 a share Ampol Exploration would be showing a profit of almost A$12m, but the capital profit would be taxed. Seven of the 10-man Ampol Exploration board are also directors of Ampol Petroleum.

The trustees of the Ampol Employees' Provident Fund, which owns 3.9 per cent of Ampol, will also meet before Pioneer's offer closes, and announce their decision. Ampol Petroleum directors have also indicated their intentions, with most aiming to sell part of their holdings.

Ampol directors have already indicated that profit for the year to September 20 will be about A$30m, but they warned that current forecasts were for a similar profit in 1981. They added that if Ampol pursued its present policies profit would continue to grow beyond 1981.

Ampol's asset backing at September 30, based on the balance sheet, was A$1.39 a share, the directors said. Independent valuations of land holdings and the market value of the company's shareholdings in Ampol Exploration and the uranium group, Kathleen Investments, would lift it another 55 cents a share. The company also has a significant interest in the Mt. Arthur South coal project in New South Wales and its oil refinery at Brisbane is considered to be worth much more than its book value of A$79m—the refinery is insured for A$262m.

The directors said that Pioneer's price of A$2 a share was significantly higher than the generally prevailing share market price of recent years, represented a relatively high price-earnings ratio, and was well above the asset backing. The directors said they had received assurances from Pioneer that Ampol's separate integrity and identity" would be maintained.

San Imperial seeks voluntary liquidation

BY OUR HONG KONG CORRESPONDENT

SAN IMPERIAL, the hotel company the shares in which have been suspended from trading for more than two years, is to ask shareholders at an extraordinary general meeting on November 14 to approve a voluntary liquidation that will result in the release of their blocked holdings.

The company hopes to take in about HK$180m (U.S.$35.6m) from the sale of its 20-year-old 240-room Imperial Hotel, with the money to be split among the 7,000 holders of its 48.2m issued shares, yielding them a return, after costs, of more than HK$3 in cash per share. That compares with the HK$1 level at which the shares were trading early in 1978 before sudden movements in the price prompted the Commissioner for Securities to suspend trading.

Voluntary liquidation, it is said within the company, was the only option left open to the board, because applications for relisting have failed, and litigation in which the company is involved may last up to another five years, in which time no trading in the shares could take place and no dividends could be paid. The sale of the other two properties the company owns is expected to cover only the cost of litigation and outstanding liabilities.

Companies and Markets

CURRENCIES, MONEY and GOLD

£ very firm

The dollar showed little change in quiet foreign exchange trading ahead of the U.S. Presidential Election, while sterling remained very firm. With U.S. centres closed for Election Day the dollar traded within a very narrow range after an initial improvement on firmer Euro-dollar interest rates. It finished unchanged at DM 1.9150 against the D-mark and rose to SwFr 1.7190 from SwFr 1.7160 in terms of the Swiss franc, but declined to Y209.75 from Y210.75 against the Japanese yen.

The dollar's trade-weighted index, as calculated by the Bank of England, fell to 85.5 from 85.7.

Sterling's index, on Bank of England figures, rose to its highest level since January 1974, closing at 79.9 compared with 79.7, after opening at 80.1, and easing to 79.9 at noon.

The pound opened at $2.4470-$2.4480 and rose to $2.4555-2.4565 in the morning, before easing to a day's low of $2.4450-2.4460. Sterling recovered to $2.4520-2.4530 at noon, and touched a peak of $2.4560-2.4570, before closing at $2.4535-2.4545, a rise of 1.05 cents on the day.

The pound rose to a 4½ year peak against the D-mark, finishing at DM 4.7025 compared with DM 4.6825, and also rose sharply against the French franc, closing at FFr 10.81, against FFr 10.7625 previously.

D-MARK — Second weakest member of the European Monetary System and lower against the dollar on interest rate differentials. The German currency has recently been at its lowest permitted level against the French franc and Dutch guilder within the EMS, and around a six-month low against the dollar and a four-year low in terms of sterling — The Bundesbank continued to intervene to support the D-mark, although trading was fairly quiet in the Frankfurt market yesterday. The German authorities *sold $1.75m, when the dollar fell* to DM 1.9179 from DM 1.9209 at the fixing, and were probably active in the open market. The Bundesbank also sold FFr 6m when the French franc was fixed at its upper intervention point of DM 3.415 per 100 francs, and with the French currency at its *maximum permitted level for* most of the day there was probably further support for the D-mark against the franc in open trading. The Dutch guilder touched its highest allowed level against the D-mark during the day, but was fixed slightly below its intervention point.

FRENCH FRANC—Very firm in comparison with the D-mark, thanks to Germany's poor balance of payments position, and remaining at or near the top of the EMS—The French franc regained top position from the Dutch guilder within the EMS, and improved against most of its EMS partners. The D-mark was very weak and *was fixed in* Paris at its lower intervention point of FFr 2.3033. The dollar eased at the fixing, but sterling was very firm, rising to FFr 10.8185 from FFr 10.8150.

JAPANESE YEN — *Expectations of a strengthening Japanese economic performance keep the yen firm despite speculation of an imminent cut in the Bank of Japan discount rate*—The yen showed little change in quiet Tokyo trading, ahead of the U.S. election and the expected cut in Japan's discount rate. The dollar eased to Y211.05, from Y211.75 on Friday, after opening at Y211.05. It touched a peak Y211.20 *in the morning,* and moved within a narrow range of Y210.70 to Y211.05 in the afternoon.

THE POUND SPOT AND FORWARD

Nov. 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.4450-2.4570	2.4535-2.4545	0.38-0.28c pm	1.61	0.50-0.40 pm	0.73
Canada	2.8910-2.9010	2.8990-2.9000	1.35-1.25c pm	5.38	3.25-3.15 pm	4.41
Nethlnd.	5.06½-5.09½	5.08-5.09	3¼-2¼c pm	7.67	10-9 pm	7.47
Belgium	75.10-75.60	75.30-75.40	40-30c pm	5.57	95-85 pm	4.78
Denmark	14.45-14.60	14.44½-14.45½	6¼-4¼ore pm	4.46	9½-8½ pm	2.52
Ireland	1.2440-1.2535	1.2445-1.2455	0.43-0.33p pm	3.66	0.97-0.88 pm	2.97
W. Ger.	4.68½-4.72	4.69¾-4.70¼	3½-2½pf pm	7.97	9¼-8¼ pm	7.44
Portugal	126.50-127.25	126.95-127.15	14c pm-12 dis	0.09	35 pm-50dis	−0.24
Spain	184.10-185.05	184.90-185.00	95-150c dis	−7.95	385-465 dis	−9.19
Italy	2,212-2,221	2,212½-2,213½	4¼-6¾lire dis	−3.12	20-23 dis	−3.89
Norway	12.10-12.23	12.20¾-12.21¾	7½-5¾ore pm	6.51	9⅞-8⅞ pm	2.99
France	10.79-10.85	10.80½-10.81½	6-5c pm	6.10	16-15 pm	5.73
Sweden	10.45-10.50	10.47-10.48	3½-2⅞ore pm	3.44	7-6 pm	2.48
Japan	512-519	514-515	3.35-2.85y pm	7.35	9.15-8.75 pm	6.96
Austria	33.17-33.37	33.23-33.28	17½-15½gro pm	5.95	46-41 pm	5.23
Switz.	4.18-4.23	4.21½-4.22½	4¼-3¼c pm	12.08	12¾-11¾ pm	11.49

Belgian rate is for convertible francs. Financial franc 75.45-75.55. Six-month forward dollar 0.72-0.62c pm. 12-month 0.95-0.80c pm.

THE DOLLAR SPOT AND FORWARD

Nov. 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.4450-2.4570	2.4535-2.4545	0.38-0.28c pm	1.61	0.50-0.40 pm	0.73
Ireland†	1.9600-1.9680	1.9660-1.9680	0.30-0.40c dis	−2.14	1.10-1.20dis	−2.34
Canada	1.1813-1.1823	1.1815-1.1818	0.41-0.36c pm	3.91	1.01-0.96 pm	3.33
Nethlnd.	2.0690-2.0760	2.0705-2.0715	1.18-1.08c pm	6.55	3.60-3.50 pm	6.86
Belgium	30.69-30.76½	30.69-30.71	11-9c pm	3.91	32-29 pm	3.97
Denmark	5.8865-5.9075	5.8885-5.8900	1.40-0.90ore pm	2.34	2.40-1.90 pm	1.46
W. Ger.	1.9125-1.9195	1.9145-1.9155	1.03-0.99pf pm	6.33	3.27-3.22 pm	6.80
Portugal	51.65-51.88	51.65-51.75	2-12c dis	−1.62	4 pm-30 dis	−1.39
Spain	75.30-75.45	75.36-75.41	55-75c dis	−10.35	180-210dis	−10.35
Italy	903.00-904.50	903.00-904.00	2½-3½lire dis	−3.98	8-10 dis	−3.98
Norway	4.9745-4.9835	4.9815-4.9825	1.35-0.85ore pm	2.65	4.85-4.35 pm	3.69
France	4.4070-4.4190	4.4070-4.4090	1.77-1.67c pm	4.68	5.72-5.57 pm	5.12
Sweden	4.2665-4.2770	4.2665-4.2675	0.30-0.15ore pm	0.63	1.20-1.05 pm	1.05
Japan	209.30-211.10	209.70-209.80	1.10-0.95y pm	5.86	3.40-3.25 pm	6.34
Austria	13.54¾-13.58¼	13.54½-13.55½	4.40-3.90gro pm	3.67	14.75-13.25pm	4.13
Switz.	1.7110-1.7220	1.7185-1.7195	1.65-1.60c pm	11.34	4.65-4.60 pm	10.76

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Nov. 4	Bank of England Index	Morgan Guaranty Changes%
Sterling	79.9	Unavail.
U.S. dollar	85.5	"
Canadian dollar	79.9	"
Austrian schilling	149.3	"
Belgian franc	112.5	"
Danish kroner	102.7	"
Deutsche mark	148.2	"
Swiss franc	192.9	"
Guilder	124.0	"
French franc	98.3	"
Lira	51.2	"
Yen	138.4	"

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Nov. 5	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.526604	0.546859
U.S. $	11	1.36781	1.34168
Canadian $	12.16	1.51833	1.57950
Austria Sch.	6¾	17.5142	18.2462
Belgium F.	12	39.6774	41.2451
Danish K.	11	7.61646	7.92770
D'mark	7½	2.47375	2.57352
Guilder	8	2.67671	2.78214
French Fr.	9½	5.70532	5.92934
Lira	16½	1168.37	1215.18
Yen	8.25	Unavail.	263.621
Norwgn. Kr.	9	6.43647	6.69474
Spanish Pts.	8	97.1447	101.293
Swedish Kr	10	5.51183	5.74084
Swiss Fr.	3	2.22212	2.30787

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 4	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.2714	+3.72	+1.62	±1.53
Danish Krone	7.72336	7.92824	+2.65	−0.05	±1.64
German D-Mark	2.48208	2.57477	+3.73	+1.63	±1.125
French Franc	5.84700	5.93041	+1.43	−1.27	±1.3557
Dutch Guilder	2.74362	2.78542	+1.52	−1.18	±1.512
Irish Punt	0.668201	0.683860	+2.32	−0.38	±1.668
Italian Lira	1157.79	1213.25	+4.79	+2.34	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Nov. 4	£	$		£ Note Rates
Argentina Peso	4776-4796	1950-1957	Austria	33.05-33.45
Australia Dollar	2.0885-2.0925	0.8250-0.8525	Belgium	75.15-75.85
Brazil Cruzeiro	147.94-148.94	60.49-60.69	Denmark	14.42-14.54
Finland Markka	9.24½-9.25½	3.7585-3.7595	France	10.77-10.85
Greek Drachma	106.047-108.594	43.30-43.45	Germany	4.68½-4.72½
Hong Kong Dollar	12.40½-12.48	5.0610-5.0630	Italy	2215-2260
Iran Rial	n.a.	n.a.	Japan	514-519
Kuwait Dinar(KD)	0.657-0.663	0.2693-0.2694	Netherlands	5.06-5.10
Luxembourg Frc.	75.30-75.40	30.69-30.71	Norway	12.18-12.30
Malaysia Dollar	5.2650-5.2750	2.1480-2.1500	Portugal	123½-129
New Zealand Dlr.	2.5050-2.5100	1.0215-1.0235	Spain	179½-190
Saudi Arab. Riyal	8.12-8.18	3.3220-3.3230	Sweden	10.45-10.57
Singapore Dollar	5.1175-5.1375	2.0810-2.0900	Switzerland	4.19-4.23
Sth. African Rand	1.8375-1.8390	0.7490-0.7495	United States	2.44-2.46
U.A.E. Dirham	9.01-9.07	3.6885-3.6900	Yugoslavia	81-83

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Nov. 4	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.454	4.703	514.5	10.81	4.220	5.086	2215.	2.900	75.55
U.S. Dollar	0.407	1.	1.916	209.7	4.405	1.720	2.072	901.8	1.182	30.70
Deutschemark	0.213	0.522	1.	109.4	2.299	0.887	1.081	470.6	0.617	16.02
Japanese Yen 1,000	1.944	4.770	9.140	1000.	21.01	8.202	9.883	4301.	5.636	146.5
French Franc 10	0.925	2.270	4.350	475.9	10.	3.904	4.704	2047.	2.682	69.70
Swiss Franc	0.237	0.582	1.114	121.9	2.562	1.	1.205	524.4	0.687	17.86
Dutch Guilder	0.197	0.483	0.925	101.2	2.126	0.830	1.	435.2	0.570	14.82
Italian Lira 1,000	0.452	1.109	2.125	232.5	4.885	1.907	2.298	1000.	1.310	34.05
Canadian Dollar	0.345	0.846	1.622	177.4	3.728	1.456	1.754	763.3	1.	25.99
Belgian Franc 100	1.327	3.257	6.241	682.8	14.35	5.601	6.749	2937.	3.848	100.

FT LONDON INTERBANK FIXING (11.00 a.m. NOVEMBER 4)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 1/4	offer 16 3/8	bid 15 7/8	offer 16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Nov. 4	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	[illegible]	[illegible]	11-12	[illegible]	[illegible]	[illegible]	[illegible]	14-17	[illegible]	[illegible]
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	20-21	[illegible]	[illegible]
One Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	20-21	15-15¼	[illegible]

Long-term Eurodollar two years 14-14½ per cent; three years 13¾-14 per cent; four years 13½-13¾ per cent; five years 13½-13¾ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore. The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.00-15.10 per cent; three-months 14.75-14.85 per cent; six-months 14.70-14.80 per cent; one year 14.60-14.80 per cent.

INTERNATIONAL MONEY MARKETS

Frankfurt rates firm

Interbank rates were sharply firmer in Frankfurt yesterday, *reflecting current weakness of* the D-mark within the European Monetary System. At yesterday's fixing in Frankfurt the Bundesbank sold an estimated FFr 6m *as the French franc was fixed at* its ceiling level against the D-mark. In the money market, call money eased to 9.05 per cent from 9.10 per cent but period rates rose to 9.25 per cent from 9.15 per cent for one-month, 9.30 per cent from 9.15 per cent for three-month, 9.40 per cent from 9.05 per cent for six-month, and 9.25 per cent from 8.85 per cent for 12-month.

In Paris call money remained at a 13-month low of 10¾ per cent, *while longer term rates were un-*changed. The French franc remained strong within the EMS, and was placed as the strongest member of the system.

Short term rates were generally firmer in Amsterdam, *with call money quoted at 8¾-9¼* per cent compared with 8¾-9¼ per cent on Monday, and one-month money at 9¼-9½ per cent against 9-9¼ per cent previously.

In Tokyo speculation continued over a possible cut in the Japanese discount rate. Market sources were suggesting a 1 per cent cut *from the present rate* of 8¼ per cent, with today seen as the most likely time for any announcement. The authorities last cut the discount rate in August, in order to arrest growing signs of a slowdown in the economy.

UK MONEY MARKET

Full credit supply

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Day to day was in good supply in the London money market yesterday, and the authorities took out some of the surplus by selling a small number of Treasury bills to the banks. The market was faced with the repayment of Monday's small official loans, but this was outweighed by a moderate excess of Government disbursements over revenue transfers to the Exchequer, together with banks bringing forward balances a moderate way above target. Discount houses were paying around 15 per cent for secured call loans at the start, with later balances taken as low as 12 per cent, *before firming up* to 13½-14 per cent at the close.

*In the interbank market over-*night loans opened at 16¼-16½ per cent and eased to 16-16¼ per cent where most of the morning's business was seen. By noon rates had eased further to 15¾-16 per cent and fell away towards the close to around 8 per cent.

GOLD

Further rise

Gold rose $4 to $645-648 *in* the London bullion market yesterday. It opened at $644-$647 and was fixed at $648 in the morning and $646 in the afternoon. There was some buying interest but the market was fairly quiet, and finished early with the U.S. closed for Election Day. The metal touched a peak of $650-652 and a low of $644-646.

In Paris the 12½ kilo gold bar was fixed at FFr 93,230 per kilo ($656.56 per ounce) in the afternoon, compared with FFr 92,650 ($652.33) in the morning, and FFr 91,250 ($640.63) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 40,035 per kilo ($649.01 per ounce) against DM 39,200 ($634.94) previously, and closed at $645½-$647½, compared with $640-642 on Monday.

In Zurich gold finished at $645-648, against $639-642.

	Nov. 4		Nov. 3	
Gold Bullion (fine ounce)				
Close	$645-648	(£263-264½)	$641-644	(£262¼-263½)
Opening	$644-647	(£262¾-264)	$632-636	(£260-261¼)
Morning fixing	$648	(£264.220)	$634.30	(£260.279)
Afternoon fixing	$646	(£263.212)	$640.50	(£262.017)
Gold Coins				
Krugerrand	$665-667	(£271-272½)	$660-662	(£270-271½)
1/2 Krugerrand	$342-347	(£139-142)	$339-343	(£138½-141½)
1/4 Krugerrand	$175-178	(£70-73)	$171-175	(£70-73)
1/10 Krugerrand	$70-73	(£28-30)	$70-73	(£28½-30½)
Mapleleaf	$660-665	(£268½-271½)	$655-659	(£268-271)
New Sovereigns	$164-165	(£66¾-67½)	$162½-163½	(£66½-67¼)
King Sovs.	$182½-184½	(£74-75½)	$181-183	(£74-75)
Victoria Sovs	$182½-184½	(£74-75½)	$181-183	(£74-75)
French 20s	$163-164½		$161½-163	
50 pesos Mexico	$807-810		$795-799	
100 Cor. Austria	$632-636		$622-626	
$20 Eagles	$745-749		$742-746	

LONDON MONEY RATES

Nov. 4 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8-16⅝	16¼-16½	—	—	14½-16¾	12-15	—	—	—
2 days notice	—	—	16⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16½-16¾	16⅞	—	17	16½-17	15-15¼	—	—	—
One month	17-16¾	16⅞-17	17⅛	17⅜-18	17¼	17	15½	14½-14¼	16⅞	17¼
Two months	17-16¾	16¾-17⅛	—	17½-17⅜	17¼	17	14¾-14⅞	14⅞-14⅛	16½-16⅜	16⅞
Three months	16⅞-16⅝	16⅞-17	16⅞-17	16¾-17¼	17¼	17	14½	14⅜	15⅞-15⅞	16⅞
Six months	16⅛-15⅞	16¼-16⅜	16¼-16⅜	15⅞-16⅛	16⅝	16⅜	—	—	15	15⅝
Nine months	16⅛-15	15⅞-16⅛	—	15⅝-15⅞	15¾	15⅝	—	—	—	—
One Year	14⅞-14⅞	16⅛-15¼	15-15⅛	15-15½	15¼	15⅛	—	—	—	—
Two years	—	—	14⅜-14⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 13¾-13⅞ per cent; four years 13⅞-13⅞ per cent; five years 13½-13⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅝-15¾ per cent; four-month trade bills 16⅛ per cent.

Approximate selling rate for one-month Treasury bills 14⅜-14¹¹⁄₃₂ per cent; two-months 14⁹⁄₃₂-14¹¹⁄₃₂ per cent; three-months 14⅜-14⅝ per cent. Approximate selling rates for one-month bank bills 16⅝ per cent; two-months 16⅜-16⅞ per cent; three-months 15⅞-15¹⁵⁄₁₆ per cent; one-month trade bills 17 per cent; two-months 16⅞ per cent and three-months 16⅜ *per cent.*

Finance House Base Rates (published by the Finance Houses Association) 16 per cent from November 1, 1980. **Clearing Bank Deposit Rates** for sums at seven days' notice 14 per cent. **Clearing Bank Rates** for lending 16 per cent. **Treasury Bills:** Average tender rates of *discount 14.3961 per cent.*

MONEY RATES

NEW YORK	
Prime Rate	14½
Fed. Fund	14⅞-14⅞
Treasury Bills (13-week)	13.08
Treasury Bills (26-week)	13.16
GERMANY	
Discount Rate	7.50
Overnight Rate	9.05
One month	9.25
Three months	9.30
Six months	9.40
FRANCE	
Discount Rate	9.5
Overnight Rate	10.75
One month	11.0625
Three months	11.3125
Six months	11.8125
JAPAN	
Discount Rate	8.25
Call (Unconditional)	10.875
Bills Discount (three-month)	10.28125

RESIDENTIAL PROPERTY

COMPANY NOTICES

COLD STORAGE HOLDINGS LIMITED

(Incorporated in the United Kingdom)

NOTICE IS HEREBY GIVEN that the Directors have declared, in respect of the year ending 31st January, 1981, and payable on 10th December, 1980, to Stockholders on the Register at that time, an Interim Dividend of 4.5 Singapore cents per share less Malaysian income tax (previous year 4.5 Malaysian cents).

NOTICE IS ALSO GIVEN that the Register of Members of the Company will be closed from 1st to 10th December, 1980, both dates inclusive, for the preparation of dividend warrants.

INTERIM STATEMENT

The results of the Company and of the Group for the periods indicated below were as follows:—

	6 Months to 31st July, 1980 (Unaudited) Group	Company	6 Months to 31st July, 1979 (Unaudited) Group	Company	Year to 31st January, 1980 (Audited) Group	Company
	$'000	$'000	$'000	$'000	$'000	$'000
Turnover (excluding inter-group sales)	116,900	—	106,900	—	218,200	—
Profit before taxation	11,876	9,055	9,890	8,464	21,336	17,197
Taxation	5,746	3,115	4,517	3,253	7,123	6,669
Profit after taxation	6,130	5,940	5,373	5,211	14,213	10,528
Minority Interest	150	—	(237)	—	(515)	—
Profit before extraordinary items	6,280	5,940	5,136	5,211	13,698	10,528
Extraordinary items	1,734	(271)	3,459	(24)	19,190	168
Profit attributable to members of Cold Storage Holdings Ltd.	8,014	5,669	8,595	5,187	32,888	10,696

The Group's Dairy and Beverage Divisions were the major contributors to the improvement in pre-tax profit, although a loss was incurred in the production of sweetened condensed milk. Other divisions performed satisfactorily, our Singapore operations being particularly buoyant.

The improvement in Group pre-tax profit has continued in the second half of the year and it is expected that profits for the full year will exceed last year's level.

The extraordinary items mainly relate to profits realised on certain portfolio investments held by a subsidiary company.

The sale of 35% of the equity of Cold Storage (Malaysia) Berhad took place subsequent to 31st July, 1980, and this transaction is not therefore reflected in the above results.

By Order of the Board
J. D. RAJ
Secretary

Singapore
22nd October, 1980

Jeremy Stone explains why the sector may now find it more difficult to weather a recession

The mail order question-mark

FOR A number of years now it has been accepted that mail order houses—led by GUS and Littlewoods — are good at weathering recessions. When the economy has begun to turn downwards, stockbrokers have often recommended the shares for their "defensive" qualities.

In recent months, however, this view has looked increasingly threadbare. UDS decided to close down its Myers subsidiary, selling off its debtors and its list of agents to GUS. More recently, the independent mail order companies—Grattan, Freemans and Empire—have announced a succession of dismal interim figures. Even GUS, which has regularly reported increased profits for as long as anyone cares to remember, has indicated that profits are now under pressure—although more on the chain store and manufacturing fronts than in the mail order sector.

The mail order companies' main strength in hard times is that almost all their trade is done on credit, with weekly payments spread over fairly long periods. Maybe 90 per cent of the customers for the general catalogues—which are still heavily biased towards clothing and footwear, though increasingly offering electrical and other household goods—are housewives whose spending is limited by lower than average earnings.

The built-in credit has enabled payments to be spread evenly through the year, allowing the customer to calculate a weekly budget. In times when family income is temporarily reduced (through cuts in overtime, or short-time working) this sort of credit buying can go on relatively undisturbed. But at such times, cash purchases in the High Street are harder to allow for.

The higher proportion of credit sales smooths out the flow of revenue to the company just as surely as it spreads out household expenditures for the customer. To some extent, the effects of the business cycle are ironed out.

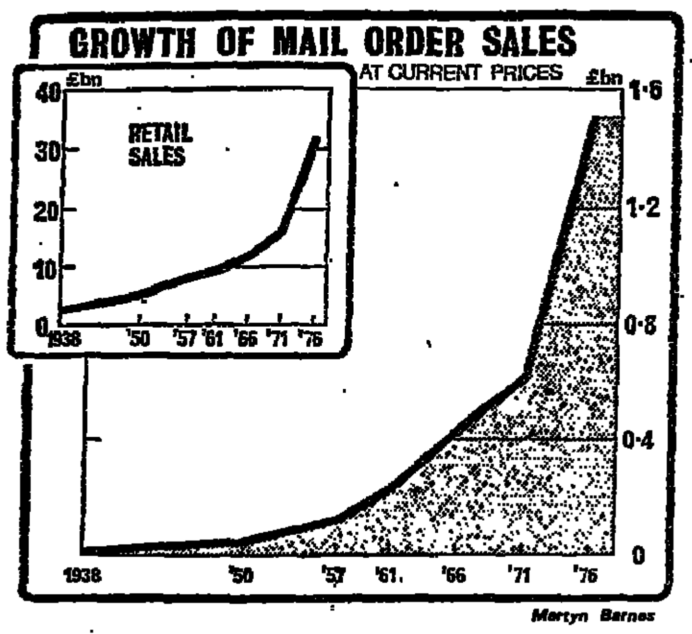
Another feature of the mail order sector is the high rate of growth which the companies have been able to achieve for many years past. Since 1970 mail order has increased its share of the non-food retail market from 6 per cent to almost 8 per cent. In recent years, mail order has moved ahead of the department stores in terms of sales volume. So underlying growth has helped to cushion the mail order houses against periodic drops in consumer demand.

Yet something seems to have changed this year. And the most probable explanation is that the present recession is of a more extreme variety than any that has occurred since the mail order sector has held a significant part of the market for consumer goods.

An important difference between this year and 1975 is the higher cost of finance. One of the major costs in mail order is the financing of working capital: present rates of interest are certainly squeezing margins below those experienced in earlier troughs. More damaging than this, however, is the fact that in this recession far more jobs are being lost, particularly the industrial jobs which many catalogue customers depend on.

The greater threat of job-loss may—a bit perversely—turn one of the mail order companies' historic strengths, their high proportion of credit sales, into something of a liability. The argument now is that the threat of redundancy, especially when whole factories are to be closed is quite another thing from that of being put on short-time.

Not only do people save against the moment when they lose their jobs (hence spending less, overall), but they may well become unwilling to enter into commitments to make payments six months later. Preference shifts in favour of paying cash; and that would work in favour of the High Street.



Martyn Barnes

The depth of the present recession makes it difficult to assess the case for announcing the end of underlying growth, an event euphemistically described as the sector's arrival at maturity. The argument may seem convincing for two reasons, one more serious than the other.

The facile point is that the market share, which could not grow for ever at its historic rate, has stopped growing for the time being (at least). But it would be unwise to conclude much from that; hasty observers have detected maturity on previous occasions, coming most seriously unstuck in the late 1960s. Market share has since increased by one-third, so it was a bit like taking the average nine-year-old child for fully grown.

A more formidable reason for wondering if the sector has indeed reached its full potential is that some of the paths it took, in order to grow, cannot be trodden more than once.

One of the most helpful factors to the mail order houses in the past was the inefficiency of a large number of independent direct retailers—for example, the old local department stores. These have now been largely competed out of existence by the joint efforts of the mail order firms and the more efficient high street multiples.

Another opportunity which has by now probably been fully exploited was the rise in the proportion of women going out to work. The convenience of catalogue shopping presumably still appeals to working women, but they no longer form a rapidly growing class.

Again, it is no longer true that credit is hard to obtain from other traders; the department stores and chain stores have made increasing amounts of credit available, soaking up some of the demand which mail order would once have found it easier to tap.

Moreover, two of the more recent developments in retailing —represented by discount warehouses such as Comet and direct mail operators like Scotcade— aim to outdo the catalogue sellers in opening new markets. Discounters can hope to price more keenly, direct-mailers to spot new products more quickly and price them more flexibly than the catalogue houses. (It is only fair to add that, as the Aeonics failure showed in June, times are also hard for direct mail operators.)

Recovery from the present recession is not yet in sight, and nobody in mail order really believes that the upturn is at hand.

While it lasts, and inflation continues, financing their large debtor accounts will continue to be a problem for the independents. In the case of Grattan, the mail order house which has been under the greatest pressure in recent years, this has meant lengthening its period of settlement with suppliers, shedding 650 workers and raising catalogue prices.

GUS and Littlewoods have no need to worry about finance. GUS is sufficiently large and diversified to generate enough cash to satisfy the financing requirements of its mail order side, while Littlewoods has always been able to grow out of retained profits to a degree which few public companies could attempt without facing a shareholders' revolt.

These differences in financial strength may begin to tell in the medium term, as it becomes necessary to invest heavily in new technology in order to remain competitive. There is already evidence that the two market leaders will be able to set a fiercer pace than all the independents can match.

The scope for applying computer techniques, now to be coupled with telephone and video systems is enormous. All the companies have taken the obvious first step of computerising their agents' files. The next step, now being taken by Freemans, is to take orders by telephone, the availability of goods being instantly checked on a computer VDU. Other mail order houses have experimented with this sort of system. But Freemans will be the first to have a fully-working country-wide system of telephone links (known as "Order Line") on which the customer can dail-in orders at local rates.

Obviously it is hoped that the reduced waiting time and certainty of delivery will appeal strongly to customers; the possibilty that there may be fewer returned goods must appeal to Freemans. Other companies are experimentally equipping favoured agents with teletext devices to receive catalogue pages, and examining the advantages of committing fashion catalogues to video-disc.

One manager described his warehouse as "basically a parcel-factory." One of the coming advances, already achieved by GUS at its Martland warehouses, is the fully computerised storage bay, which reportedly turns a customer's order list into a parcel without human intervention. It is easy enough to envisage the future, in the shape of the automated parcel factory. What is more difficult is to see whether it is a future of sharpening competition within a fairly static market, or one where — as in the 1960s and 1970s — the sector can use its efficiency to carve further slices off the High Street.

APPOINTMENTS

British-American Tobacco posts

Mr. H. A. Morini and Dr. L. C. F. Blackman have been appointed directors of BRITISH AMERICAN TOBACCO COMPANY. Mr. Morini becomes head of legal department and Dr. Blackman is responsible for research and development.

★

Mr. John Warren, *managing* director of CHARLES FULTON (Foreign Exchange), has been appointed to the main Board of CHARLES FULTON AND CO.

★

Mr. Christopher Billson has resigned his directorship with Sedgwick Payne North American Reinsurance Brokers and has joined reinsurance brokers R. K. CARVILL AND CO.

★

Mr. Peter Casben has been appointed a director of SCHRODER LIFE ASSURANCE and SCHRODER PENSIONS. Mr. Cashen, who has been with the Schroder Life Group of Companies since their inception, will remain in charge of life operations and will also assume the *additional responsibility* for the group's marketing services.

★

Following the acquisition of ROBERT STACE AND CO. by Extel Group's printing subsidiary Burrup Mathieson and Company (Holdings), Mr. Peter W. Barker, managing director of the Burrups Group, has taken on *the additional positions of* chairman and managing director of Robert Stace and its subsidiary Clout and Baker. Mr. Barker succeeds Mr. Donald P. Chalklin, who remains on the Boards of Robert Stace and Clout and Baker and becomes deputy chairman. Mr. John R. Murphy, Burrups Group finance director, has been appointed a director of both companies.

★

Mr. Michael B. Mann has become senior international officer of GIRARD BANK. He continues as international overseas representative, located at the London branch.

★

Mr. B. F. Jenkins, *managing* director of Arbuthnot Factors, and Mr. C. D. Baxter, manager of the foreign exchange department, have been appointed directors of ARBUTHNOT LATHAM AND CO.

★

Mr. J. Percy-Davis has been appointed a director of C. E. HEATH AND CO. (INSURANCE BROKING).

★

Mr. T. M. O'Brien has been appointed a director of J. AND J. DYSON. Mr. T. M. O'Brien has also become a director of DYSON REFRACTORIES and he has been succeeded as secretary of that company by Mr. P. B. Dungworth.

★

Mr. Jerol M. Sonosky has been appointed executive vice-president at UNITED CALIFORNIA BANK.

★

Mr. P. J. K. Smith and Mr. I. R. Fraser have been appointed to the Board of JOHNSON MATTHEY BANKERS. Mr. L. C. Jones, Mr. M. R. Cotterill, Mr. P. J. C Firth and Mr P. J. K. Smith have joined the Board of Johnson Matthey Commodities, the *London Metal Exchange* ring dealing subsidiary. Mr. A. F. Hodgson and Mr. H. Englander, directors of Johnson Matthey Bankers, have relinquished their Board appointments in the metals-dealing subsidiary.

★

Mr. Peter Jassoy has been appointed by AFA-MINERVA (EMI) as product marketing manager with responsibility for marketing intruder detection and fire protection products. Mr. Jassoy has held a senior marketing management position with the company for the past two years. Prior to joining AFA-Minerva, he was with ITT and Elliott Automation as a senior marketing executive.

★

Mr. David Robinson has been appointed to the Board of BEMROSE CORPORATION. He has been company secretary and legal adviser since 1973. Mr. John Bradbury, group financial controller, has become a director of Bemrose UK, the major operating subsidiary. Mr. Bradbury joined Bemrose as group chief accountant in 1972.

NOTICE TO HOLDERS OF

ESTERLINE CORPORATION

8½% Convertible
Subordinated Guaranteed Debentures
Due 1995

NOTICE IS HEREBY GIVEN pursuant to sections 1105 and 1106 of the indenture relating to the above-referenced debentures, that the guarantor thereof, Esterline Corporation, has declared a three-for-two split of its common stock (effected in the form of a dividend) payable December 1, 1980 to holders of record November 10, 1980. As a result thereof, the conversion price of the debentures will be reduced from $59.50 to $39.6667 per share effective November 11, 1980.

Esterline International Finance N.V.
Esterline Corporation

October 31, 1980

REPORT ON EAST ANGLIA

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

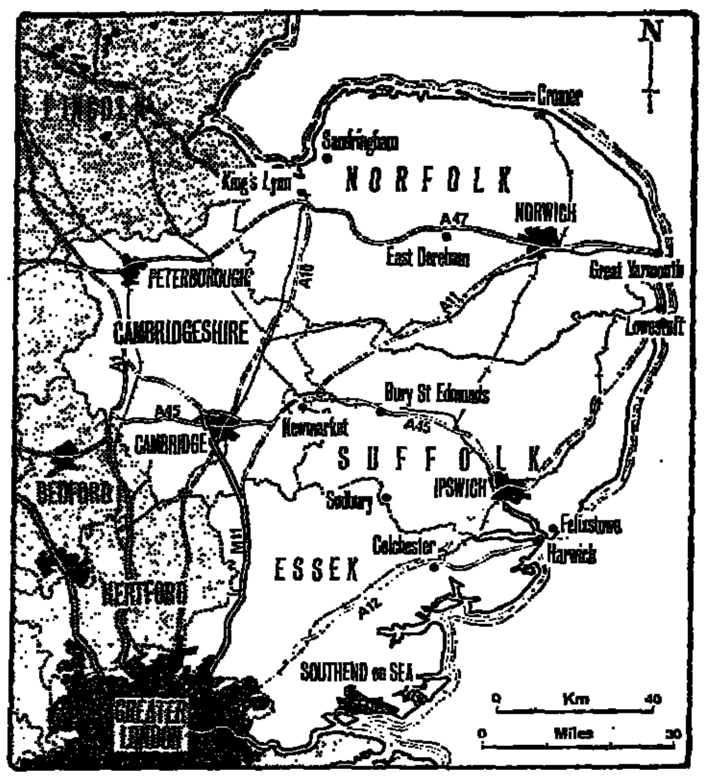
EAST ANGLIA is a region of striking contradictions. Despite the richness of its farmland, its long cultural heritage and diversity of local industries, the region is not immune from national economic trends, nor without its blackspots, as this three-page report indicates.

Moves to attract new industries

IT IS easy to become beguiled by East Anglia. Rich in historical links, a fertile countryside, a long cultural heritage which centres on one of the oldest towns of learning in the world and a coastline of outstanding natural beauty the counties of Norfolk, Suffolk, Cambridgeshire and Essex cast a web which make it difficult for the casual visitor to tear himself away.

That web has been most effectively deployed in the past two decades. Since 1960 under the initial impetus of the Greater London Council's expanding towns policy, more people moved into the area than left it, reversing a trend that had continued for two or more centuries. In terms of population, East Anglia became the fastest-growing part of Britain.

That momentum has continued more recently. Between mid 1977 and mid 1978, the latest years for which figures are available, East Anglia gained 14,200 people, more than any other British region. Towns like Thetford (over 600 new jobs since 1976), Bury St. Edmunds (over 400), Sudbury (200), Haverhill (200), Huntingdon and St. Neots, have all benefited from the inflow of newcomers. Between 1971 and 1976 there was an increase of 10.4 per cent in the workforce when the national figure was just 1.9 per cent.



In the last month, however, there have been two large redundancies—just to bring home the fact that however prosperous East Anglia may be as an area it is neither immune from national economic trends nor is it without its black spots.

Most recently Perkins, in Peterborough, announced 900 shop-floor redundancies, and a little earlier Pye, at Lowestoft, stated that it would be putting off 1,000 of its employees. And Dynatron, in King's Lynn, is to put off 400 by December. Cambridge, St. Neots and Bury St. Edmunds may have jobless levels that are little above the figure for people changing positions but in Lowestoft, Leiston and Wisbech the unemployment percentage is in double figures.

This illustrates one of the most important facets about East Anglia, the contradictions inherent in its fabric. East Anglia is a region of great wealth but low incomes, inward migration from other parts of Britain but a movement off the land, highly skilled industries but often a shortage, as in Cambridge, of unskilled jobs, excellent trunk roads but lesser roads that need improving urgently, pockets of unemployment amid the prosperity, sleepy country towns and a bustling and successful new town in Peterborough.

Investment area

No part of the area is assisted regionally by the Government, though that is not for want of trying on the part of Great Yarmouth. The Development Commission has, however, designated Fenland as a special investment area, under which it channels much of its aid in putting up small advance factories into towns such as Chatteris and March. The success of this policy has been such as to induce south Norfolk and north Suffolk to seek the same status.

Many of the problems stem, ironically, from the success of the farming industry. East Anglia has some 70 to 80 per cent of its land categorised as grades 1 and 2 farmland, the largest amount of top-quality land of any part of Britain. As agriculture in general has prospered, and is now the recipient of the Common Market's largesse towards the farmer, machinery has been installed—but at the expense of the farm worker.

The result, even before the impact of the EEC became discernible, was that between 1971 and 1976 employment in farming fell by 18 per cent to around 40,000 people. For a while, the displaced farm worker found jobs in manufacturing-industry and between 1960 and about 1973 the area was one of the few regions actually to increase manufacturing employment. But there are signs that this has come to a halt and may now be falling back.

One indicator of this is the movement into the area of new firms. Between 1966 and 1976 an average of 28 new firms a year moved in; since then, the figure is 6 the average in the '50s. The region is now much more dependent on existing industry for self-generating growth.

The drying up of the flow of firms out of London has obviously been very important in ending this growth. London now needs all the work it can lay its hands on and the setting up of the Docklands Development Corporation and an enterprise zone within docklands could even suck some firms back into the capital.

Difficulties

Some industries have had problems for a number of years. In Norwich, footwear—especially the mass-production market—has been hit, as it has elsewhere in the country, by cheap foreign imports. Shipbuilding at Yarmouth and Lowestoft has also suffered and the fishing industry, especially at Lowestoft, will never see the glory days again. The food-processing industry, particularly the canning sector, has been in difficulties this year and the motor industry together with the components sectors at Wymondham, Huntingdon, Sudbury and Peterborough have all shared in that industry's problems.

There have been growth sectors. Farming is the most obvious. Industrially, the ports sector has responded to the change in emphasis in Britain's trade towards Europe and, allied to good labour relations, has become the fastest growing sector of this industry in the UK. Felixstowe is now a name with international as well as national recognition.

In addition, there has been a conscious effort to capture a greater share of the offshore gas and oil service market. Great Yarmouth, through an energetic policy, has led the way and although this may have gone a little flat recently BP is to spend £120m expanding production of gas from its West Sole field which could bring some more jobs into the town.

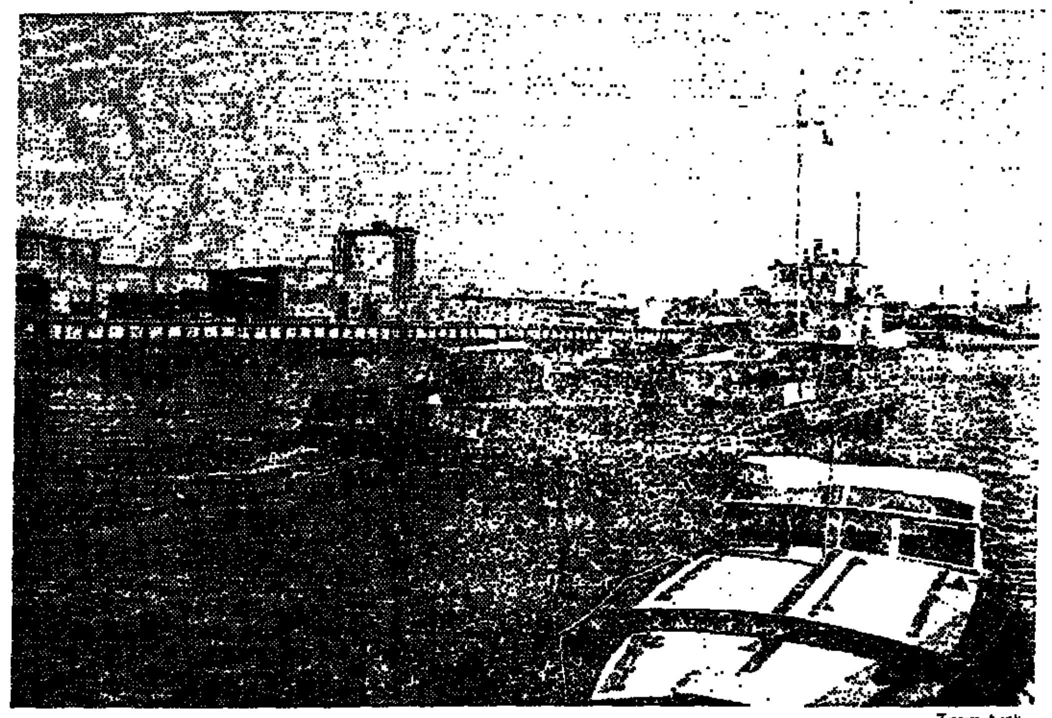
The other big growth sector is the development of high-technology, high-value-added industries, many of which are inevitably associated with Cambridge and the university though a lot have also gone to the Norwich area to be associated with the young (in relation to Cambridge) university there. Cambridge itself has a lot of firms in the micro-electronics field and continues to receive a lot of inquiries, particularly from America from firms anxious to establish in or near the town. Many of the small towns, such as Leiston, have satellite firms feeding the bigger plants.

Pye is strongly represented in Lowestoft, for instance, and there has, in recent years, been a noticeable growth of software firms. But the needs in Cambridge itself are that population growth should be restricted so that the cultural inheritance which the town uniquely (with apologies to Oxford men) offers are not destroyed. The tourist authorities, for instance, are fully aware of this in their field.

What Cambridge would like, what Huntingdon would like, what almost any of the smaller towns would like, would be the emergence of another firm like Sinclair Electronics — which pioneered the way in calculators and miniature television receivers — to undertake its R & D within the university city's boundaries and produce somewhere within a short distance. In order to bring about such a situation Cambridge is taking a softer line on industrial development within its borders.

Elsewhere, factories are being put up in anticipation of demand and until very recently been let quickly. Huntingdon, St. Neots and Fakenham, for instance, have all had no difficulty in getting tenants, though there has been greater resistance at Wells on the north Norfolk coast.

Generally, though, there has been more factory space available this year than previously, proving that East Anglia is suffering from the same effects, if rather less acutely, as the other parts of Britain.



Terry Kirk

Oil rig supply vessels moving out to sea from Great Yarmouth

Businessmen to meet for day-long discussions

NEXT WEDNESDAY the Small Firms Centre is to hold a day-long clinic in Norwich at which officials from Cambridge, the Centre's East Anglian headquarters, and local counsellors will interview and advise heads of small companies on their problems. The following day a clinic will be held in Lowestoft and before the month is out others will take place in Chelmsford, Southend, Peterborough, Colchester, Clacton and Ipswich.

These "clinics"—a word which Mr. Jack Cade, the region's manager, does not like, but for which he cannot find an acceptable alternative—are growing in importance in the area as the recession bites. For the businessman the first visit is free; at the second he has to pay £10 (plus the inevitable VAT) and at the third and any subsequent sessions it is £20.

Last month 15 businessmen received advice at a clinic in Peterborough which, at a minimum of three-quarters of an hour for each person, makes a full day for the counsellors. There were 14 seeking assistance a few days earlier in Norwich and 15 in Great Yarmouth. Altogether, about 50 clinics are expected to be held in November and December and a further 50 in the first two months of next year.

Experience

East Anglia is fortunate because it has 18 counsellors, a more generous number than many other parts of Britain. These men are, or have been, businessmen themselves and so can talk about finance, marketing, industrial training or industrial relations from first-hand experience. In July, August and September they held 390 counselling sessions throughout East Anglia, a rise of 218 over the same quarter of 1979.

The Department of Industry, under whose aegis the Small Firms Centre falls, defines a small firm as one with fewer than 200 employees, if it is in manufacturing, or has a turnover of less than £150,000, if it is in the retail sector. That the Centre should be so successful in East Anglia is hardly surprising since the region is full of firms which fall within this definition.

To shorten the lines of contact within the region the Centre moved in May this year from Luton to Cambridge where it occupies premises next door to the giant Government complex. This has made it much easier for officials to get around the area and, in consequence, extend the scope of their activities.

Mr. Cade is notified by the Manpower Services Commission of all redundancies and where the circumstances are appropriate he contacts the firm to see if his office can be of assistance.

In addition, he gets a continuous flow of inquiries. At the moment the number is running at about 250 a week, though the record was 380 in late March. Last year there were 10,200 inquiries, which averages at just under 200 a week. The graph in his office shows that total inquiries this year have been running about 10 per cent above last year's level, a figure which gives him as much satisfaction as it gives him work.

EAST ANGLIA — II

In agricultural terms, East Anglia is a very prosperous part of Britain, where one sees to best advantage the transition to a mechanised workforce.

Significant changes in the region's agricultural sector

WHEN KEATS wrote 150 years ago of autumn's mellow mists *he hardly envisaged that by the* '80s of this century those mists would be transformed into the smoke of stubble burning in the fields. Along the road from Ely to Chatteris, to. March, to King's Lynn and across the top of Norfolk the predominant sight as October ended was of farmers burning the remains of what once had fattened the harvest goose.

These changes in the style of farming are typical of the new approach to the industry which is typified in East Anglia. No longer does the farmer produce his wheat or sugar beet or potatoes or carrots in the hope of selling them somewhere, sometime on the market. Farming has become professionalised, market oriented. The consumer is all, and especially that great god of the consumer: the *superstore*.

Today the farmers of the Fens have their eyes as much on Sainsbury or Tesco or Asda as on Covent Garden. What the buying manager of the supermarkets says the housewife wants, then the farmer is only too anxious to produce.

If the housewife doesn't like varieties of potato which turn brown (*a sure sign they have too* much starch in them) then he does not grow those sorts. If she wants cleaned and washed *potatoes* then he produces cleaned and washed potatoes, bagged, weighed and ready for *her to take off the supermarket* shelf. No one could accuse the East Anglian farmer of neglecting the needs of the *housewife*: he has not fallen into the trap which swallowed so many of Britain's apple growers.

In agricultural terms, East Anglia is a *very prosperous* part of Britain. Wisbech, a pretty but not remarkable town in the Fens, has *been described* as the richest town in Britain per square foot. Whittlesey, Huntingdon, Bury St. Edmunds, Fakenham cannot be far behind.

Diversity

Strictly, there is no homogeneity to East Anglian farming. Essex is wheat country; Cambridgeshire is Britain's vegetable basket (being the southern extension of Lincolnshire's *Fens*), *strong on potatoes*, parsnips, carrots (not for *nothing* is Chatteris known as "*the town of the carrot baron*") and sugar beet as well as more esoteric crops such as horseradish and celery. *Norfolk and* Suffolk have a greater dairy content.

Even before the Common Market began pumping money into the agricultural community, as though tomorrow would never come, East Anglia was affluent. Land prices were high, *wages low and transport costs*, either to Covent Garden or to the ports for export, low.

But there is one other factor which is important. The East *Anglian is no rustic; he reacts* sharply to events and is acutely aware of changes which are going on in *his world. These factors have* protected him and enabled him to take advantage of the enormous changes *which* have occurred in the past 20 or 30 years.

It is in East Anglia that one sees to best advantage the *transition to a mechanised* workforce. Almost everything is now planted and harvested by *machine, even sugar beet* where there are still some problems. As the displaced farm *labourer has moved off the farm* into the towns, seeking work in allied industries such as vehicle maintenance or transport, so his wife has been able to find work in the packing stations, shops and offices. And industry that was once labour intensive, concerned with digging, hoeing and picking and aimed at Covent Garden, is now capital intensive and aimed at the buyer. One important consequence of this has been a decline in wholesaling.

In many cases the farmers now sell directly to the producers who moved in to the Fens. The *canners came to be able to process* goods straight from the fields; the soup makers set up in the area and they were followed by the frozen-food processors, of which peas is probably still the best example. Peas are picked, washed, graded and frozen within a few hours because the freezer firms are on the spot.

Complex

It was of little use bringing the freezers and the canners in, though, if the product could not be stored. With peas this was easy but not so with other crops. Take potatoes: this is a *root crop and wants continually* to propagate itself. Our potatoes are now sprayed to hold *back this natural propagation*. Whitworth's Products, in Chatteris, has in store boxes with *hundredweights* of potatoes of all varieties kept under the same conditions as apples, ready for bringing on to the market next spring. Controlled temperatures in stores, paid for in part by the Government and in part by the EEC, have been an important development; so, too, are the sprays which retard the natural tendency for the vegetable to sprout.

The concentration of buying power in the hands of a small number of very large groups threatened to leave the farmers in a disadvantageous position. A supermarket group which demanded that the farmer grow only a certain variety, or a limited number of varieties of, say, carrots or parsnips, could clearly exercise great control over both the farmer and his income.

The first step was for farmers to get together to provide a uniform selling front. This has been happening on a large scale in the past few years and Mr. F. D. Berridge, managing director of Whitworth's Products, thinks that this will continue and become one of the most important developments of the '80s.

Such groups can develop in two ways. They can trade through merchants or they can form growers' co-operatives. Neither is mutually exclusive and each can take on board some of the features of the other without losing its distinctive flavour. After that small groups, say half-a-dozen to 10 farmers, might then band together to form federal groups. This has already happened among British apple growers, for instance.

Such movements are being helped nationally. The Central Council for Agricultural and Horticultural Co-operatives has been set up to stimulate these developments and money from both the EEC and the Government is available to help in the process.

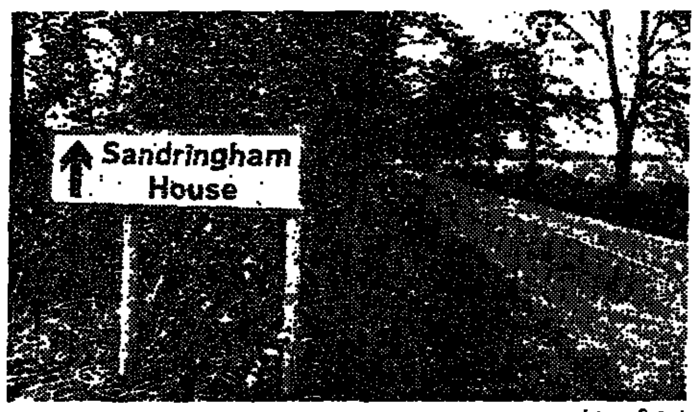
Having got together, the groups' next reaction to the big buyers is to tell them that if they want a certain type or amount of a specific crop then they must guarantee to take a certain amount of that crop at a fixed price. Consequently, farming has moved from a vocation dependent on market prices to one in which it is possible to plan ahead on the basis of a fairly fixed income—fairly fixed in the sense that output inevitably depends to a great extent on the weather, over which neither the farmer nor his customer has any control.

Such a hard-nosed approach as is now being practised in East Anglia is a long way from Keats. It is more about cash flow and crop retardants than autumn mists, however mellow. But it is farming today and it is the way in which East Anglia is staying pre-eminent.

Farmland in East Anglia being prepared in readiness for a seed bed, using a four-furrow Ransomes reversible plough.

LEADING COMPANIES IN NORWICH

Company	Date established in city	Business	Employees
Norwich Union	1797	Insurance	3,724
Laurence, Scott	1883	Machinery and control gear	2,750
Rowntree Mackintosh	1932	Confectionery	2,000
Reckitt & Colman	1854	Foodstuffs	1,950
Mann Egerton	1898	Car sales	1,898
Bernard Matthews	1959	Frozen turkeys	1,700
Jarrold & Sons	1770	Printers	1,500
Boulton & Paul	1797	Steel and wood products	1,200
May & Baker	1956	Chemicals and pharmaceuticals	950
Anglia TV	1959	TV contractor	700



Roger Brasl

The Sandringham Estate is one of the most popular attractions for visitors to the region

COMPANY PROFILE: NORFOLK LAVENDER

The sweet smell of success

WHEN Henry Head came down from Cambridge 10 years ago he little thought his destination in life would be a lavender farm in Norfolk. He had read history and languages and was heading for the banking world.

Those early ambitions were fulfilled. He served with what was then BOLSA, the Bank of London and South America, in Brazil and then, with First Chicago in London and Nigeria. It was while he was in West Africa that the call came from Norfolk Lavender. Heacham, where Norfolk Lavender farms 100 acres, is just up the road from royal Sandringham, and might seem a long way from Lagos. But the move for Henry Head was not as unusual as it sounds.

Norfolk Lavender had been formed in 1932 when Linnaeus Chilvers, a nurseryman growing lavender on a small scale, got together with a local landowner F. E. Dusgate. Chilvers believed he could grow lavender commercially but he had no land to do it; Dusgate, known to all his friends as "Ginger," provided the land. The two went into business with, initially, six acres.

Lavender is very much a small-farm crop around the world. The French are the great producers and most of their output comes from smallholdings. By the time Linn Chilvers had built up his farm to its present 100 acres it had become one of the world's larger ones.

In 1947, Chilvers was joined by a young man, Tom Collison, who after the death of the founder in 1953 ran the firm for another 24 years. Chilvers' interest in the business passed on to his friend, Adrian Head, who became chairman, a post that his wife Ann subsequently took over. The combination of Ann Head and Tom Collison lasted until 1977, when the managing director retired. It was then that Mrs. Head asked her son if he would return home to run the company.

The business Henry Head came home to presented him with a different challenge to the world of banking. Lavender is a difficult crop to produce economically in this country. It takes five years for a bush to become commercially viable and although a further 15 to 20 years' life might be expected from a bush a severe winter or a bad summer can shorten that life considerably.

It is also a difficult business to harvest lavender crops in the nine weeks from the start of July to the end of August. It is best to distil the oil within 48 hours of cutting. But employment for the 15-strong workforce has to be spread over the year.

Development

Nevertheless, Henry Head came back to a business that was fundamentally sound and one in which his predecessor and his mother, as chairman, had instituted important changes. The most important of these had been the mechanisation of the farm.

When Linn Chilvers planned the farm he planted the bushes with a four-foot gap between them and five feet between the rows. Since the crop was cut and the bushes pruned by hand by as many as 40 women working along the rows this was a sensible arrangement.

But in the 1950s and '60s it became apparent that if the farm was to remain viable some form of mechanical cutting had to be introduced. Unfortunately, no machine existed anywhere in the world so Norfolk Lavender had to invent one. This was accomplished eventually but in consequence the fields had to be replanned to use the machine to best advantage. So in 1955 the farm had to start replanting hedges, 6 ft apart and with 18 ins between the bushes.

This was completed before Henry Head returned; his problem now is how to use the machine to best advantage. He does not want an expensive piece of machinery lying idle for 10 months of the year. Unfortunately, other crops which might be cut by the machine also tend to have a harvesting time about the same time as lavender. Therefore he is looking at the possibility of growing another crop, such as parsley, on land which the firm has available.

One move that he has already made is to extend the tourist element of the business. When the bushes are in bloom the lavender fields are a very big tourist attraction and a farm shop and tea room have been added. In the financial year ending September 1975 for instance, the shop sold 172,000 items of soap, lavender water, sachets, after shave and talcum powder. This year the figure reached 283,000.

Henry Head has also persuaded local tourist spots, such as Sandringham, to take his product in their shops and he has made strong efforts to interest the coach operators in coming his way. He has also been instrumental in getting a campaign by five other major attractions — Holkham Hall, Houghton Hall, the Regalia Rooms at King's Lynn, Wedgwood Glass, also in King's Lynn, and Sandringham — together with Norfolk Lavender to project themselves towards the day-trippers.

But it is the bush, and the product from the bush, that will remain the backbone of his business. Seventy per cent of the lavender is vapourised into oil, the rest is dried. Lavender may not really be economic to produce but the plain fact is that in order to claim that the end product is English lavender the manufacturers have to buy Henry Head's products.

Head uses some of his own oil and dried flowers in his own products; Yardley is a big buyer of oil and the dried flowers go to people such as Culpepper, Meadow Herbs and Taylors of London. Norfolk Lavender, though, is the only firm that makes pure English lavender products—the rest use imported products as well. It is a cachet that Henry Head thinks goes well with his sachets.

The tourist element is nice as "jam," but it is the products that are the bread-and-butter of the business and recently the company added a marketing consultant to its strength and updated its packaging. The aim is to tap a wider market, outside East Anglia. Henry Head says that Norfolk Lavender is going places, literally as well as metaphorically.

Roger Brasl

Mr. Henry Head, of Norfolk Lavender, with his mother, Mrs. Ann Head, at Caley Mill, Heacham—just up the road from royal Sandringham

EAST ANGLIA – III

The region earns around £1m a day on tourism, making it the third most important tourist area in Britain.

Increasing importance of tourism

PARKED ON the tarmac at the former airfield at Duxford, just outside Cambridge, stand an early Concorde, a Canberra bomber, some Navy fighters, Air Force transport planes and a collection of other aircraft going back to the '30s. One of the huts has a history of the U.S. Eighth Air Force which *used the field as one of its bases* during the last war.

Duxford is now run by the *Imperial War Museum* and has in a short period become one of the major tourist attractions in East Anglia. Though it is no more than half a dozen miles from Cambridge, itself one of the greater rubbernecking centres in Britain, it suffers not at all from its rather longer-established competitor.

The emergence and growth of newer centres such as Duxford is immensely gratifying to those who have been seeking to spread the tourist jam over the four counties.

East Anglia has "suffered" *from the honeypot syndrome* which has threatened to overwhelm the popular places. Nearly *every visitor wants to* see Cambridge, and especially King's, Sandringham, Constable's Flatford Mill, and some of the wildlife reservations along the saltmarshes of the north Norfolk coast. Other attractions which have been almost as popular have been Ely Cathedral, Audley End, Holkham Hall, Aldeburgh, and some of the *villages such as* Dedham, Brancaster, Walsingham and Cley.

The pressures on these places as the cars and coaches have rolled in have almost overwhelmed them and the East Anglia Tourist Board is now playing an almost negative role in the promotion of the more popular resorts in order to try to protect them.

Those pressures have not been quite so severe this year. There was a *slow start* to the season and although a late boost in the autumn will have helped *there is no doubt that this will* still be a bad tourist year. On the Broads, for instance, the *number* of holidaymakers is probably a fifth lower than during last year and the strong pound has helped to deter some foreign visitors, especially those from Holland and Germany.

The Christmas period will be a good guide as to whether this is a *temporary phenomenon* or is more deep-seated. In the last few years as the festive *season approaches* there has been a steady flow through Norwich airport of people coming over for their shopping. Will it be any different next month?

Over the year as a whole the Americans are the most numerous of the overseas visitors, their numbers being swelled by friends and relations going to the several military bases. An*other important source of over*seas tourism is Scandinavia.

Overseas visitors bring in about £70m a year which, with the £300m spent by Britons in East Anglia, means that the *region earns £1m a day on* tourist account. This makes it the third most important tourist area in Britain, after the West country and the South East.

Despite this important contribution to both the local and the national economy East Anglia gets no direct government aid because such assistance as is available from Whitehall is linked with the Government's industrial policy.

Government aid goes to the North of England and the North West, for instance, because they are assisted region*ally. Yet a small infusion* would make considerably more impact in Norfolk than in, say, Northumbria. This is especially true of hotel development. It is incongruous, to say the least, that tourist policy should be linked *in this way to regional indus*trial policies.

It might be argued that there is less need to concentrate on *hotels* in the area because the rate of occupancy has dropped considerably during the '70s. Between *1972 and 1979*, for instance, occupancy dropped from 62 to 52 per cent.

This trend, connected with the changing holiday patterns of the British, could obscure the *fact that* there is a great need to update the facilities of many of the existing hotels within *the region. In addition, if the* region is to have sufficient new, modern hotels to meet its needs during the 1990s it has to start planning for them soon.

Some progress is being made. New hotels are *coming in* Norwich, Peterborough and Colchester and another is possible in Cambridge. This will help to reduce mid-week pressure. In towns like *Ipswich*, Cambridge and Norwich it is extremely difficult to get a room with full *modern facilities between Mon*day and Thursday. Yet a number of imaginative small projects, *such as Justin de Blank's* Shipdam Place Hotel tucked away in the Norfolk countryside and run practically on French country-house hotel principles, show the way in which improvements can be made and standards raised.

There has, however, been considerable development in self-catering accommodation in the past few years to meet the *needs of the typical visitor.* According to Procter Naylor, director of the East Anglia Tourist Board, there has been "a huge investment in self-catering facilities all the way round the coast."

Whether the popular holiday resorts will recapture their sparkle next year must depend to a considerable extent on the course of the economy. Just over half East Anglia's visitors come from London and the *South East; a considerable* number originate within the area and the East Midlands and *Yorkshire are next in import*ance.

All these areas have been hit by *unemployment and the ris*ing cost of petrol — 85 per cent of visitors come in their own car, a significantly higher proportion than elsewhere in Britain. If the economy picks up the region *will prosper; if* it remains depressed the Norfolk and Suffolk coasts could be *in for another dismal summer.*

There is also a fear that the area is not being sufficiently foresighted about the provision of caravan sites. Not only are there more British caravaners seeking sites but the number coming in through the ports has jumped quite appreciably over *the decade. With much of the* coast being designated as Heritage Coast, Sites of Special *Scientific* Interest *or Areas of* Outstanding Natural Beauty, there is obviously some divergence of interest between the need to conserve the land and the need to provide land for development.

If the holiday industry is to grow economically then some *provision will have to be made* for camp sites behind the coast, *perhaps by using racecourses or* sports pitches as temporary sites during the peak months. It *could also be necessary to take* a more active management role, making more information avail*able on where site vacancies* exist and preventing caravans moving in to over-pressed areas.

The great strength of East Anglia, unlike many other holiday parts of Britain such as the *West Country and the Lake* District, is that it has no single overriding identity. From the *cathedrals of Ely and Norwich* to the colleges of Cambridge, from the beaches to the wildlife *sanctuaries*, the royal resort and Newmarket, from the villages, forest walks, sailing centres, historic houses and pilgrimages to Walsingham it probably offers greater variety in greater depth than can be found elsewhere in Britain. This is an invaluable *base on which to build.*

Roger Brood

The Market, Norwich

WHERE EAST ANGLIA'S VISITORS CAME FROM

(Percentage)

	1976	1977	1973
North	2	2	1
Yorks/H'side	6	3	5
N. West	4	3	3
E. Mids.	6	8	10
W. Mids	4	7	5
E. Anglia	18	15	13
London S.E.	57	54	56
S. West	2	3	2
Wales	1	2	2
Scotland	n	2	2

Expansion of the Haven ports

ANY DRIVER who has sat *behind the enormous lorries* thundering along the A45 across Cambridgeshire and Suffolk to *the Haven ports* will be well aware of the magnet that these docks have become for British trade. Where this main road from the Midlands drops down to two lanes big traffic build-ups quickly occur.

The Haven ports comprise *Felixstowe, Ipswich, Harwich* Navyard and Parkeston, grouped around the mouth of the *Orwell* and the Stour, *and Great* Yarmouth to the north. The upgrading of the A45 has been an *important* development contributing to the growth of the first four ports, but what has really contributed to their economic growth has been the changed emphasis of British trade in the last decade.

Imports from, and exports to, Europe have grown over the past decade and the Haven ports have been ideally placed to *benefit from this change.* In 1967, for instance, some 12 per cent of all movements of manu*factured goods between the* UK and the EEC used these ports; a decade later the figure had reached 20 per cent and has continued to rise since then.

During this period Britain's trade in manufactured goods with the EEC rose, in volume, by 163.6 *per cent compared with* 37 per cent for the rest of the world. This European trade *conceals another vital figure:* the Haven ports' share of trade with Europe actually rose by 319.1 per cent over the decade compared with a jump of 141.7 per cent for the other UK ports. This change in trading patterns has been graphically described by Mr. John Evelyn, chief executive of the Ipswich Port Authority. "The past 10 years have seen greater changes than *during the transition from sail* to steam," he says.

If the country's trading pat*terns have altered, so too have* the means of handling that trade. General cargo is now the junior partner in the movement of goods. The development has been to unitised cargo, either containers or roll-on/roll-off trailers. At Harwich about 99 *per cent of cargo handled is* unitised, most of it ro-ro trade. Two-thirds of the goods handled *at Ipswich is unitised in some* form and at Felixstowe half is ro-ro and 30 per cent of goods *in closed containers.*

Exciting

Felixstowe has become one *of the most exciting ports in* the country. Its labour relations record is a model, it shifts car*goes quickly and it is developing* its facilities continually. The result is that it has captured a lot of business from the bigger ports and, with land available for further expansion, is entering into the major league.

The port now has over 4,000 *ft of quay space* with berths at depths between 22 ft and 33 ft at low water and even this is *insufficient to meet the demands* put upon it. Over the past two to three years the port has *reached near capacity, with* traffic having to be turned away.

In order to ensure growth its *owners* — European Ferries — have plans to spend over £27m by the end of next year. This sum includes not just berths and dredging but installation of equipment.

Such spending, and other amounts which are certain to *follow, are necessary if* the port is to handle the 8m tonnes of cargo that it confidently expects within five years. By the end *of 1985 it expects to* be handling some 400,000 containers, which will put enormous pressure on its available land, since container traffic is as greedy of land as an American car is of petrol.

The other ports are not standing still while Felixstowe grabs the limelight. Ipswich, a trust port, is considering extending *its marshalling area and build*ing further quays, which would cost it £8.5m and at Harwich, *owned by the Manx group of* companies, a scheme to lengthen the berths has been planned and *the remote transit depot* improved in standard.

This development is vital to the port's future *as the 15 per* cent a year growth in traffic handled has led to enormous *strains. In 1975,* Harwich handled 62,467 trailer equivalents, a figure which rose to well over 96,000 last year. This surge resulted in the port having to ask one of its daily services *to go elsewhere.*

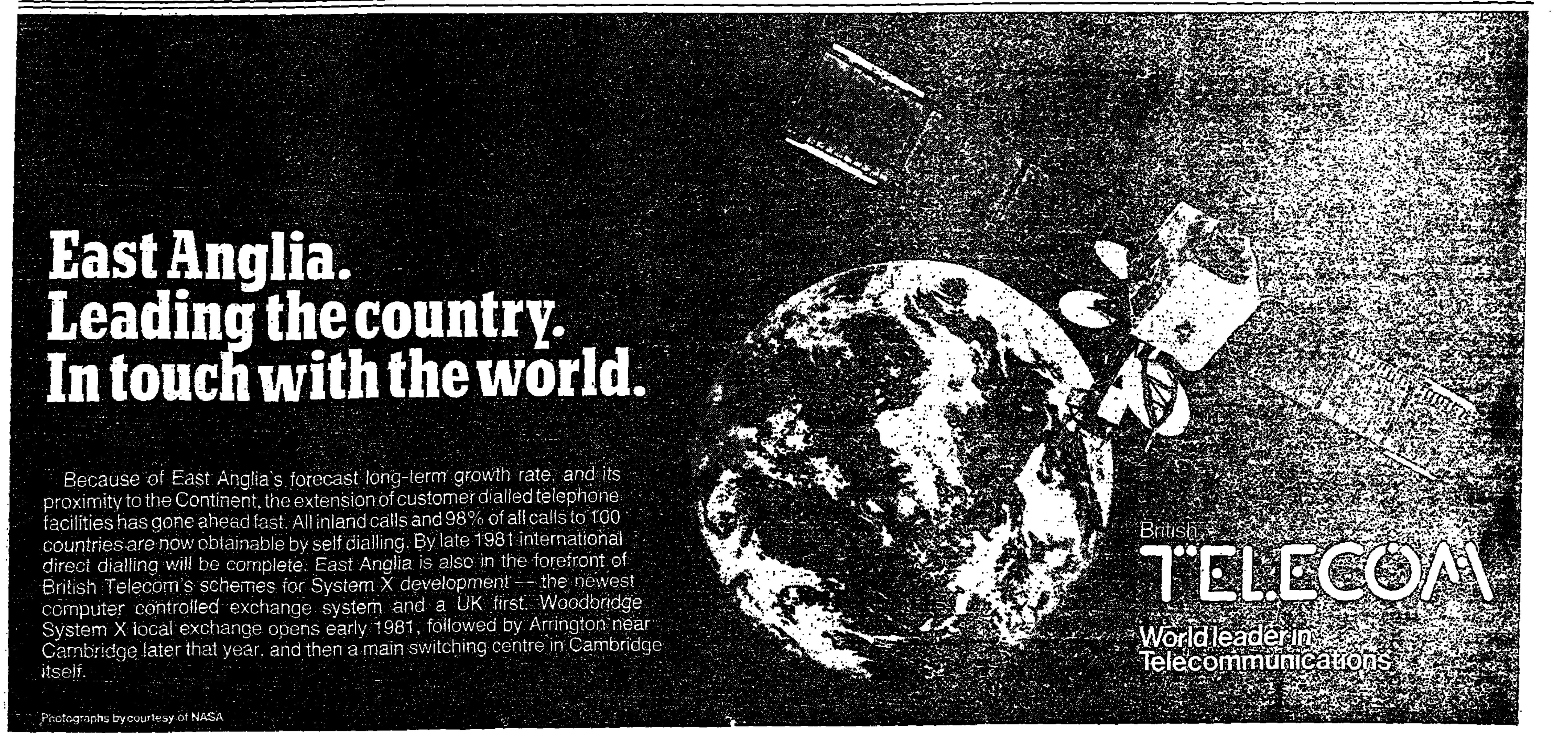
On top of this, another customer opened a second UK route through Hull because it was unsure about its future ability to handle bigger traffic *flows and General Motors* decided to work through Hartlepool because of pressure on *facilities. Until Harwich* can reassure its customers, or potential customers, that it will be *able to expand facilities* some of them will inevitably look elsewhere.

The fifth Haven port, Great Yarmouth, has captured an important sector of the East Coast offshore business. Yarmouth does not have such good road links as the other Haven ports but, even so, it has managed to win more business. Compared with 493,000 tonnes *of general cargo handled in* 1969 it saw a throughput of 1.09m tonnes in 1978, with Norfolk Line a major customer.

The problem with Yarmouth is that planning of the town and docks has not been undertaken as a whole and some portside land, which would have been of great use to the harbour, has been given to uses such as holiday caravans. Town development has also severed the direct rail connection to the quays. Even so, the supply base *has become an important local* industry, and there are hopes that BP's West Sole expansion *will enable the offshore* business to resume expansion. To spread the load the trust company which regulates the harbour is looking for the longer-term benefits of general dockside activity.

There are also a number of smaller ports which serve the region and whose history goes back centuries. Wisbech, the smallest, makes an important contribution to the prosperity of its district though it is *doubtful if investment* in any quantity would bring great benefits. King's Lynn has had *money spent on it by the British* Transport Docks Board and even has three liner operators working out of it, one of which offers a service to Newfoundland. Lowestoft, another BTDB port, is still important as a fishing port and there is potential in the inner harbour. Its forte is ship repairing.

These smaller ports all play a role in their local economies but they cannot compare with Felixstowe. This is the jewel *of East Anglia and one that is* certain to shine more brightly in future.



WORLD STOCK MARKETS

German share rally falters

FURTHER BARGAIN hunting by institutional and foreign investors fuelled a fresh recovery in Bourse prices early yesterday, but trading activity subsequently waned and most gains were later pared. The Commerzbank index, computed well before the closefi was up 6.1 at 710.6 after a rally of 5.9 the previous day.

U.S. markets were closed yesterday for the U.S. presidential election.

Partly undermining later sentiment was a fall of DM 4.10 to DM 70.70 by Electricals concern **AEG** *following an unconfirmed* press report that the company's 1980 losses would be greaer than *forecast.*

However, **Brown Boveri** retained a rise of DM 2.20, while *among Engineerings,* **Demag** put on DM 2.50 and **GHH** DM 6. **Kaufhof** gained DM 3.50 in Stores, **Mercedes** DM 2.50 in Motors.

On the Domestic Bond Market, there was less selling pressure on Public Authority paper, but prices were up to 40 pfennigs lower. The Bundesbank purchased DM 25.5m of stock after buying *DM 60.4m on Monday.*

Milan

Stock prices generally closed sharply higher as the market unexpectedly resumed a bullish trend *in feverish activity after* the pause of the previous day. The Banca Commerciale Italiana index advanced 4.30 to a new high for the year of 188.18.

A surge of demand, first focused on the big Bank issues, later spread to all sectors. "No doubt it was a record session, both for extent of the gains and *heavy volume of activity,*" one senior Milan broker commented. "However, the market surge is going beyond reasonable levels and this could produce unexpected developments," the broker added.

Most brokers had expected the market to take a rest this week, consolidating the large gains of *previous days, before taking* another jump. Demand and the upward trend continued in the unofficial after-Bourse hours trading.

In the Banking sector, **Banca Commerciale** climbed L3,400 to *L48,000*, **Banca Di Roma** also to L48,000, from L45,850, and **Mediobanca** to L89,999, from L87,800.

Among Insurance issues **RAS** gained L7,000 to L259,500 and **Generali** L3,800 to L103,000.

Canada

Markts continued to recover yesterday morning in busy trading, with the recently hadd-hit Energy sector leading the way. *The Toronto Composite Index* was up 27.1 to 2,277.9 at noon, while the Oil and Gas index rose *75.5 to 4,462.1.* Golds 63.7 to 5,445.2, Banks 8.33 to 385.89 and Papers 2.63 to 213.45.

Dome Petroleum, which was the hardest hit oil stock after the Federal Budget announcement last week, rose 1¼ to C$68¼. **Gulf Canada**, the most active Industrial issue, added ¼ at C$24¼.

Hong Kong

After Monday's record-breaking trading *volume* and sharp advance on **Jardine Matheson's** successful offer to buy up to 110m **Hong Kong Land** shares at up to HK$30 each, the market mainly moved higher in reduced trading yesterday. However, turnover on the four exchanges was still very substantial and the second-highest day's total on *record, amounting to HK$835.29m,* against Monday's HK$1,424.95m.

The Hang Seng index con*trasted with the firmer market* tendency by shedding 1.05 to 1,556.44, following the previous two-day jump of 121 points to a new seven-year peak. This was mostly due to **Hong Kong Land**, up HK$6.20 on Monday, receding HK$2.70 to HK$25.50 and **Jardine Matheson** declining HK$1.75 to HK$30.75 after it announced that *it had ceased* buying Land shares.

Among other leaders, **HK Wharf** lost 30 cents to HK$12.10, but **Cheung Kong**, whose chairman has denied that he had planned a bid, recently rumoured, for either Jardine Matheson or ***HK Land**, put on 75 cents to* HK$34.75. **Hutchison Whampoa** climbed 50 cents to HK$17.00, ***HK Electric** 20 cents to HK$7.40* and **Wheelock "A"** 25 cents to HK$7.15.

Banks were particularly strong, with **Hongkong Bank** rising 80 cents to HK$22.20 and **Hang Seng** *Bank HK$3 to HK$157.*

Paris

French and foreign share prices were broadly firmer across a wide front in a busy session. Gains led falls in a ratio of two-to-one, while the Indicateur de Tendance index rose 0.9 more *to a 1980* high of *120.5.*

Traders said investors had followed the lead of their U.S. *counterparts on Monday.* The apparent confidence on Wall Street ahead of the U.S. presi*dential elections was* said to be the only factor affecting trading.

In contrast to the generally firm trend, Constructions and Stores showed signs of weakness and Hotels closed mixed. Electricals, Oils, Banks, Chemicals, *Mechanicals* and *Foods* were favoured.

Toyko

After Monday's holiday closure, the market was mixed with *an easier bias in moderate* trading as many investors held off ahead of the U.S. presidential election.

The Nikkei-ow Jones Average edged up 0.46 to 7,149.37, but declines on the First Market section outscored *rises* by 319 to 249 after volue om 280m shares.

High-priced Light Electricals, however, showed fresh strength while some Heavy Electric Machine issues and Precision Instrument Manufacturers improved. **Victor of Japan** moved ahead Y140 to Y2,540, **Sony** Y100 to Y3,300, **Pioneer Electronic** *Y60 to* Y2,080, **Olympus**, Y80 to Y1,490, **Canon** Y18 to Y814 and **Toshiba** Y6 to a 1,980 high of Y240.

Constructions were higher in anticipation of cuts in housing loans in line with an expected *Official Discount Rate reduction.*

In contrast, most **Motors**, **Oils**, and **Non-ferrous Metals** were easier. **Toyota Motor** declined Y34 to Y806, **Honda** Y13 to Y542, **Teikoku Oil** Y20 to Y1,110 and ***Nippon Mining** Y12 to Y305.*

Australia

Despite local traders' preoccupation with horse racing and overseas traders with the imminent U.S. Presidential election, the Sydney share market was quite active yesterday although there was again no decided overall trend. The Melbourne market was closed for a local holiday.

An upturn in world Bullion prices overnight helped the established Gold Miners to rise *but some of the speculatives* receded on profit-taking. **Central Norseman** gained 40 cents at A$12.00 and **GMK** 30 cents at A$11.80, but **Poseidon** shed 10 cents to A$7.20. **Amber Gold**, after Monday's speculative rise of 65 cents, eased 5 cents to A$2.15.

Oil Shales were strong. **Mining Houses** climbed 70 cents to A$4.20 on rumours that Alan Bond is taking a position. **Central Pacific** rallied 40 cents to A$10.80 and its Rundle partner **Southern Pacific** put on 12 cents to A$4.20. **Greenvale** improved 30 cents to A$4.80 and **Esperance** 20 cents to A$5.40, but **Pan D'or** shed 30 cents to A$3.80.

On the *Industrial boards,* however, **BHP** lost 25 cents to A$16.75 and **CSR** 26 cents to A$7.74, while in Minings, **CRA** shed 10 cents to A$6.70 but **North Broken Hill** were that amount firmer at A$4.40.

Johannesburg

Gold shares gained ground in fairly active trading, reflecting the higher bullion price. **Kloof** advanced 250 cents to R56.50. **ERPM** rose 150 cents to R38.00 despite the underground fire at the mine.

NEW YORK

Indices

NEW YORK ACTIVE STOCKS

CANADA

BELGIUM (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

HOLLAND

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

BRAZIL

COMMODITIES AND AGRICULTURE

Tin falls to 14-month low

By Our Commodities Editor

TIN prices sank to new 14-month lows on the London Metal Exchange yesterday as the market remained under selling pressure. Cash tin fell by £40 to £6,620 a tonne recording its fifth consecutive decline during the past week when it stood at £6,795.

No bids were received at the latest fortnightly offering of U.S. stockpile tin. But on November 24 the stockpile authorities plan to switch to daily offerings on a fixed-price basis in an effort to step up sales.

Since the new stockpile tin sales programme started on July 1, offering 500 tons each fortnight on a competitive sealed bid basis, only five tons have been sold.

Copper prices rose yesterday reportedly on expectations of a Reagan *victory in the U.S.* presidential election. Other *metal markets were subdued* however.

Reuter reported from Tokyo that Japanese zinc smelters have reached agreement with the Trade-Industry Ministry and a Japanese banking consortium for a three-year extension of the zinc stockpiling programme that expired on at end-October.

The Government-supported Japan Metal Stockpile Foundation bought up a total of 123,700 tonnes of zinc from the domestic market three years ago to bolster the depressed market *and still holds 100,700 tonnes,* Ministry officials said.

The officials said the consortium of undisclosed banks supplied loans totalling Y22.8bn to finance the stockpile.

Egypt ends cotton barter

By Alan Mackie in Cairo

EGYPT WILL not be selling its cotton under barter agreements in the new season which opened on October 29.

Over recent years the authorities have been phasing out barter trade to take advantage of the hard currency earnings to be made by selling cotton in *Western markets. The total elimination of the barter trade means that sales to the Eastern* bloc, limited after President *Sadat's embargo on cotton sales* to the Soviet Union and Czechoslovakia in 1977, will be further reduced. Even last year 20 per cent of the cotton exports were in the form of barter deals.

Sugar market up strongly

BY JOHN EDWARD, COMMODITIES EDITOR

WORLD SUGAR values moved up strongly again yesterday and the London daily price for raw sugar rose by £10 to £405 a tonne, equalling the 5½-year peak reached just over a fortnight ago. On the futures market the March position traded up to £433 at one stage yesterday before easing back to close at £427.875 a tonne, still £7.7 higher than the previous close.

The market opened strongly following the sharp rise in New York overnight and the upward trend was encouraged by fears over possible frost damage to European bet, yet to be harvested.

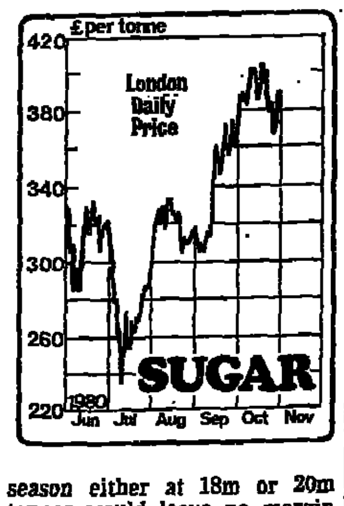
It appears that some damage may have been done, but much depends on how long the frosty and cold conditions last. It is always a gamble by farmers to leave beet in the ground, in the hope of improving yields, for too long because of the danger from frost. However the beet is relatively safe while in the ground; the problem arrives in the difficulties frost imposes on harvesting and does to beet stored above the ground.

Unless the frost is duly severe and maintained for a long spell the EEC crop should be a good one, leaving a sizeable amount for export. Nevertheless the situation in the rest of the main producing areas, including the Soviet Union, is far from promising. London brokers, E.D. and F. Man, lowered its world sugar output forecast for the 1980-81 season to between 85.5m and 87.5m tonnes in its latest market report pointing out this would mean another reduction in world stocks.

The report noted that the world stocks figure at the beginning of the 1981/82 season either at 18m or 20m tonnes would leave no margin *for error.*

The market has also been buzzing with rumours that Poland, normally an exporter, may have to import substantial quantities of sugar to offset a fall in domestic production.

However traders are aware that these kind of rumours are usually only taken notice of when the market is in a mood to go up, as seems the case after the sharp falls suffered as a result of profit-taking during the past few weeks.



Cocoa pact floor price discussed

By Our Commodities Staff

Opening shots at the cocoa pact talks in Geneva on the main issue of a minimum "floor" price are that producers want it to be between 110c and 120c a pound, while consumers are suggesting something between 100c and 110c, although some countries are urging a lower figure close to 90c.

But some consumers, led by the U.S. and West Germany, also want an automatic review mechanism which would adjust prices closer in line with market movements.

Consumers and producers are thought to be divided as well on the financing of the buffer stock and it is thought possible that the conference will have to be extended beyond the scheduled closing date of Friday or even reconvened at a later date.

Meanwhile on the London cocoa futures market yesterday values fell to the lowest level since early 1976 with the March position closing £9 down at £951 a tonne.

Farmland values fall

AVERAGE price of farmland in England fell to £4,060 per hectare in the three-month period ended September, according to latest figures issued by the Ministry of Agriculture yesterday.

The figures collected jointly by the *Ministry's Advisory Service, Agricultural Mortgage Corporation and Country Landowners Association* show an accelerating decline since the end of June. The index, allowing for regional and area size group composition, has been marked down to 206 (1973 equals 100) compared with 228 at end June and 216 a year ago.

Comex gold coin futures

NEW YORK—The Commodity *Exchange (Comex) is considering the feasibility of launching a gold coin futures contract,* Matt Zachowski, an Exchange *spokesman confirmed.*

Comex recently asked its members whether they thought such a contract would be feasible and. if so, what type and size coins should be used and how delivery should be made.

Reuter

Egg producers urged to act

BY RICHARD MOONEY

BRITAIN'S egg producers were yesterday urged to deluge Mr. Peter Walker, Agriculture Minister, with letters warning of the imminent collapse of their industry.

Speaking at a poultry industry conference in Birmingham, Mr. Kenneth Walker, a Bristol egg producer, said the Minister should be forced to "get off his backside and kick his civil servants into action" to remove the disadvantages which were crippling the British industry in EEC trade.

In common with all UK industries, the eggs sector was suffering because of the strength of sterling, high interest rates and inflation. But there were other special problems which the Government could do something about.

Mr. Walker said his Ministerial namesake should insist that the EEC stop eggs moving between member countries at prices below the cost of production. He also called for imported eggs to be stamped as such and for port inspection of imported eggs to be tightened up.

Mr. Walker's other proposals to help the UK industry *included: adjustment of* EEC grain levies to bring UK producers' feed costs into line with their competitors; Government grants to help buy new equipment; and EEC aid towards a Community-wide egg advertising campaign.

French production costs were 4p a dozen below those in the UK, he claimed. This was partly due to the lack of investment in new plant, which had allowed other countries to overtake the British in terms of efficiency. He said the industry was re-equipping at one-eighth the rate required to maintain a stable industry for the future.

In the final speech of the conference, the Minister claimed port inspection of eggs had already been intensified with the result that many import consignments had been rejected.

He agreed that comparability of national aids and conformity of application of animal welfare and hygiene regulations were vital to avoid the industry's achievements of the past ten years being undermined.

"I will do all in my power to see that you get fair treatment in the European market," he promised.

Danish pig subsidy call

BY HILARY BARNES IN COPENHAGEN

THE ASSOCIATION of Danish Pig Producers has called on Ess-Food, the bacon factories' export association, to provide a subsidy of Kr 500 per pig for the slaughter of sows in pig between now and *Christmas.* The Association said this was *the only way it could see for improving the price of pig meat and saving the financial situation for pig farmers.*

Ess-Food cut the producer price by Kr 0.30 to Kr 10 per kilo at the weekend after maintaining the price out of reserves for several months.

The chairman of Ess-Food, Mr. J. Sesp Soerensen said that empty pighouses are beginning to be a feature of the Danish farm because as things are today there is a good business in exporting corn and bad business producing pigs.

He blamed the troubles on *the failure of the EEC to put up the export restitution for pigmeat and for allowing excessive imports from third countries,* and on the Danish government for placing extra economic burdens on the farmers. The government must change course if Danish pig production is to continue, he said.

GRAIN MARKET

China still pledged to traditional suppliers

BY TONY WALKER IN PEKING

PEKING — Australian and Canadian criticism of the wheat agreement recently negotiated by China and the U.S. was at best premature and at worst may be counter-productive, according to officials here, some of whom represent countries that have attacked the grain deal.

The officials point out that at least until the mid-1980s China *will be importing more than* 10m tonnes of grain annually, which *will leave room for* Canada, Australia and Argentina to maintain a satisfactory share of the market.

Chinese buying patterns of the past several years show an *increasing reliance on* American supplies, but not at the *expense of traditional suppliers.*

Chinese demand has simply increased now that it has embarked on a firm policy of improving living standards by making more foodgrains available. Only America has the *capacity to meet this demand.*

Argentina substantially increased its shipments between 1978 and 1979, while Canada and Australia maintained a healthy market share.

Canada and Australia are particularly unhappy about the provision in the Sino-U.S. deal that if Chinese purchases of American wheat fall below 6m tonnes, proportionate reductions be made in quantities from smaller suppliers.

On the face of it, this seems a legitimate grievance: why should a wheat deal with one country automatically be affected by an arrangement with another? Still, it is pointed out here that the U.S. deal is for four years and in that time it is almost impossible to conceive that traditional suppliers will be squeezed out of the market.

It is also noted that world demand for grain is likely to increase markedly next year as a result of poor crops in the Soviet Union and a serious shortfall in Australian wheat production.

Both these factors no doubt influenced China's decision to *seek minimum supplies of 6m* tonnes of grain annually from the U.S. until the mid-1980s.

The fact that countries like Australia and Canada squealed about the arrangement is not likely to concern the Chinese, intent as they are on securing supplies, though it is perhaps significant that China's leadership used the opportunity this week to assure visiting Australian state premier—Victoria's Mr. Hamer—that the U.S. deal would not affect arrangements with long-term suppliers.

Both Li Xiannian, the Vice Chairman and Wan Li, the senior Vice Premier, gave Mr. Hamer assurances about a secure Chinese market.

It seems unlikely, given China's past grain-trading performance, that it would give special preference to one supplier over another, unless there were overwhelming political or commercial reasons why it should do so.

The best insurance for suppliers like Australia and Canada, is that China is firmly locked into an agricultural policy which gives it little or no choice but to maintain a high level of imports.

Under this policy more foodgrain is being left in the countryside to improve peasant living standards, while imported grain is being used to make up the shortfall in the cities. The Chinese are also converting land now being used for grain production to grow industrial crops such as cotton and sugar.

To change this policy would either require China to move quickly to self-sufficiency or radically reverse existing arrangements. Neither is likely in the short-term.

EEC has more wheat for export

RECENT figures compiled by EEC member states indicate a wheat export availability in 1980-81 of 11.5m tonnes compared with 10m tonnes in 1979-80.

Barley availability is put at 4.5m tonnes, down slightly from 4.8m tonnes last season.

Wheat supplies, based on production estimated at 46.3m tonnes against 42.4m in 1979-80 and imports static at 3.2m tonnes, are put at 48.8m tonnes compared with 46.1m tonnes last season.

Total offers of British grain for intervention in the first three months of the cereal year totalled 808,410 tonnes by October 31, with 52,237 tonnes of bread-making wheat offered in the last week, according to the Home-Grown Cereals Authority.

No further milling wheat offers for sale into intervention are acceptable after end of October, and the final tonnage offered is put at 307,282 tonnes. The Cereals Authority says the impact on the wheat market of intervention sales cannot be assessed until grain has been tested and delivered into store.

Stocks last Wednesday had reached 23,043 tonnes.

Barley intervention stocks are now at 371,083 tonnes after deliveries in the seven days ending last Wednesday of 30,243 tonnes. Offers so far for the season, after withdrawals, totalled 481,555 tonnes on Friday.

Feed wheat offers have reached 12,702 tonnes, with stocks unchanged from the previous week at 206 tonnes. Rapeseed deliveries of 1,006 tonnes brought stocks to 5,101 tonnes out of total offers of 6,571 tonnes, and all 300 tonnes of rye offered for intervention are in store.

UK wheat exports during the first 20 days of October showed an increase to 95,334 tonnes from 94,800 tonnes exported in the whole of September, HGCA reports.

This brings exports since the season started at the beginning of August to 194,734 tonnes against only 33,000 tonnes for the August/October period a year ago.

British barley exports for the first 20 days of October amounted to 115,095 tonnes against 110,000 tonnes exported for the whole of September. Since the current season started exports have risen to 325,095 tonnes compared with 185,000 tonnes for the same months in 1979.

Reuter

BRITISH COMMODITY PRICES

BASE METALS

COPPER—*Gained ground on the London Metal Exchange reflecting hopes of a Reagan win in the American election. Forward metal rose from £864 to £874* during the morning on short covering coupled with strong demand for both physical and forward cathodes. Profit-taking pared the price to £871 on the *morning kerb but the market found* fresh support in the afternoon as American interest lifted three months to *£875 on the late kerb. Turnover:* 17,400 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	840-1	+11½	842-3	+9
3 months	869.5-70	+10	872.5-3	+7.25
Settlem't	841	+11.5	—	
Cathodes				
Cash	820-2	+18	824-6	+18
3 months	848-.5	+14½	851-2	+15
Settlem't	822	+18	—	.....
U.S. Prod			*33.5-102	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £839, 39.5, 40: three months £867, 66.5, 67, 68, 69, 69.5, 70. Cathodes: Three months £847, 48, 48.5. Kerb: Wirebars, three months £872, 72.5, 74, 73, 74, 73.5, 74. Afternoon: Wirebars, three months £874, 73.5, 73, 72.5. Cathodes: three months £851, 52. Kerb: Wirebars, three months £871, 72, 72.5, 73, 74, 75.

TIN—Easier as the Penang market lost ground overnight and sterling *moved up against most currencies.* After opening around £6,670 forward metal dipped to £6,660 on the morning kerb. *In the afternoon American physical interest encouraged a rise to £6,690* but renewed strength in sterling *prompted further weakness which* depressed the price to £6,650 on the *late kerb.* Turnover: 1,485 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6600-10	—95	6610-30	—40
3 months	6660-5	—72.5	6670-80	—57.5
Settlem't	6610	—108	—	.....
Standard				
Cash	6600-10	—78	6610-30	—40
3 months	6660-5	—78	6670-80	—57.5
Settlem't	6610	—78	—	.....
Straits. E.	‡$2052	—10	—	.....
New York	—	......		

Morning: Standard, cash £6,610; three months £6,665, 60. Standard, three months £6,665, 60, 70, 80. Afternoon: Standard, three months *£6,680,* 90. Kerb: Standard, three months £6,680, 70, 50.

LEAD—Firmer in line with copper. Forward metal opened at £350 and *gradually moved* up to close the afternoon kerb at £355.5. Turnover 13,675 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	338-9	+4.75	340-1	+5
3 months	352-.5	+4	353.5-.75	+4⅛
S'ment	339	+5	—	......
U.S. Spot	—	......	*42-45	......

Morning: Cash £337, 38, 38.5; three months £350, 49.5, 50, 50.5, 51, 52. *Kerb: Three months £353, 54.* Afternoon: Three months £353; 54, 53.5. Kerb: Three months £354, 53.5, 54.5, 55, 56, 55.75, 56.

ZINC—Barely changed. Three months moved in a £2 range before closing the late kerb at £338.5 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	326.5-7	+1	327-.5	—1.5
3 months	338.5-9	+1.5	338.5-9	—1
S'ment	327	+1	—	......
Primw'ts	—	......	*37.5-37.75	—

Morning: Cash £327.5, 28, 27.5, 27; *three months £339. Kerb: Three months* £339. 39.5. Afternoon: Cash £327: three months £339. Kerb: Three months £338.5.

ALUMINIUM—Drifted in idle trading *with forward metal easing back from* £670 on the early pre-market to close the day at £665.5. Turnover: 5,250 tonnes.

Alumin'm	a.m. Official	† + or —	p.m. Unoffic'l	† + or —
	£	£	£	£
Spot	641-2	—2	640-2	—1.5
3 months	665-.5	—5.25	665-6	—2.25

Morning: Cash £642; three months *£669,* 68, 67, 66, 67, 66.5, 67, 66. Karb: Three months £667. Alternoon: Three months £667, 66, 65, 65.5, 66, 65.5. *Kerb:* Three months £666, 65.

NICKEL — Moved narrowly in *extremely quiet trading with forward* metal closing the lat ekerb at £2,707.5. Turnover: 324 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2685-700	+7	2688-92	—3.5
3 months	2715-25	+2	2714-5	—6.5

Afternoon: Cash £2,690: three months £2,715.

* Cents per pound. ‡ SM per picul. † On previous unofficial close.

BASE LENDING RATES

A.B.N. Bank	16 %	■ Guinness Mahon	16 %
Allied Irish Bank	16 %	■ Hambros Bank	16 %
American Express Bk.	16 %	■ Hill Samuel	§16 %
Amro Bank	16 %	C. Hoare & Co.	†16 %
Henry Ansbacher	16 %	Hongkong & Shanghai	16 %
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
BCCI	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	16 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	18 %		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £50,000 14½% and over £50,000 15%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

SILVER

LME—Turnover 161 (97) lots of 10,000 ozs. Morning: Cash 814.5; three months 840, 41, 44.5, 45, 47. Kerb: Three months 846.5, 48. Afternoon: *Three months 845, 40, 36. Kerb: Three* months 836.5, 36.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	807.25p	+37½	803.0p	+12
3 months	840.0p	+38	835.5p	+12
6 months	869.10p	+39.1	—	......
12 months	926.70p	+37.7	—	......

Silver was fixed 37.25p an ounce higher for spot delivery in the London bullion market yesterday at 807.25p. U.S. equivalents of the fixing levels were: spot $19.753, up 92.3c; three-month $20.5, up *96.3c; six-month* $21.21, up 99.5c; and 12-month $22.66, *up 99.5c. The metal opened at 798-806p* ($19.55-19.75) and closed at 789p-807p ($19.60-19.80).

COCOA

Again touching new life of contract lows futures closed some £10 below Monday evening at the end of a day which saw *producers reluctant to re-*commence sales at current prices and *consumers continuing as light scale-*down buyers, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
Dec	914-916	—8.0	919-908
March	951-953	—8.0	960-946
May	969-970	—10.0	976-967
July	989-990	—5.0	990-986
Sept	1008-10	—5.0	1010-05
Dec	1027-28	—1.5	1030-25
March	1045-48	—2.0	1045-43

Sales: 1,722 (3,097) lots of 10 tonnes.

ICO Futures: Daily price for Nov. 3. 101.67 (103.16); *10-day average* 103.31 (103.61): 15-day average 103.95 (104.21).

COFFEE

Another quiet session reflected the absence of fresh news and a reluctance by most dealers to participate *in a very thin market, reports Drexel* Burnham Lambert. New contract lows were established once again in most positions from March forward but profit taking towards the close lifted values slightly in poor volume.

COFFEE	yesterday's Close £ per tonne	+ or —	Business Done
Nov	1004-08	—3.0	1005-996
January	1031-33	—8.0	1040-23
March	1016-20	—2.5	1025-06
May	1020-22	—1.5	1027-15
July	1030-35	+3.5	1040-30
Sept	1036-42	+6.0	1045-30
Nov	1047-50	+11	—

Sales: 3,194 (2,278) lots of 5 tonnes.

ICO indicator prices for November 3 (U.S. cents per pound). Other Mild Arabicas 121.00 (123.67). Robustas ICA 1978 123.00 (124.50). ICA 1968 123.25 (124.75). *Unwashed Arabicas* 208.00 (208.50). Comp. daily ICA 1968 155.08 (156.20).

GRAINS

LONDON GRAIN FUTURES—Old crop wheat values eased despite opening *5p higher and seeing good shipper* and commercial buying before lunch, and values closed 15-30p down on the day. Barley values eased on lack of buyers, the main volume traded being in what/barley spread, values closed 45p-55p down on the day, reports Acli.

M'nth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Nov	98.40	—0.25	92.05	—0.45
Jan	102.55	—0.30	96.35	—0.55
Mar	106.50	—0.15	100.40	—0.45
May	110.60	—0.10	104.15	—0.50
July	114.60	—0.05	—	
Sept	99.45		94.75	

Business done—Wheat: Nov. 98.80-98.40, Jan. 102.95-102.55, March 106.85-106.50, May 110.85-110.50, July 114.80-114.65, Sept. no trade. Sales: 205 lots of 100 tonnes. Barley: Nov. 92.45-92.10, Jan. 96.80-96.35, March 100.85-100.40, May 104.60-104.10, July no trade, Sept. *no trade. Sales: 279 lots of 100 tonnes.*

LONDON GRAINS—Wheat: U.S. Dark Notrhern Spring No. 2 14 per cent Nov. 102.00, Dec. 105.75 transhipment East Coast. U.S. Hard Winter 13½ per cent Dec. 102.50 transhipment East Coast seller. Maize: S. African Yellow Nov.-Dec. 86.50 seller. Barley: English Feed fov Nov. 97.50, Dec. 99.75, Jan.-March 104.50, April-May 109.50 East *Coast seller. Rest unquoted.*

HGCA—Locational ex-farm spot prices. Other milling wheat: S. East 98.90. W. Midlands 100.00, N. West 100.00. *Feed Barley: S. East 91.40, S. West 91.70, W. Midlands 89.90,* N. West 90.90.

The UK Monetary Coefficient for the week beginning Monday, November 10 (based on HGCA calculations using *5 days exchange rates) is expected* to change to 0.882.

RUBBER

The London physical market opened about unchanged, with little interest throughout the day, closing on a dull note. Lewis and Peat reported a fob November price for No. 1 RSS in Kuala *Lumpur* of 301 (299.5) cents a kilo and SMR at 247 (246).

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Dec	62.10-62.20	61.60-62.20	62.10-62.00
Jan.	63.10-63.40	62.70-63.10	
Jan-Mar	64.50-64.40	64.10-64.50	64.40-64.30
Apr-Jne	68.20-68.50	68.00-68.10	68.50-68.00
Jly-Sept	71.35-71.40	71.10-71.20	71.40-71.20
Oct-Dec	74.20-74.30	74.00-74.10	74.30
Jan-Mar	77.70-77.20	76.80-76.90	77.20-77.00
Apl-Jne	79.80-79.90	79.60-79.70	79.90-79.60
Jly-Sept	82.70-82.90	82.50-82.80	82.70

Sales: 202 (224) at 15 tonnes. 40 (92) at 5 tonnes. Physical closing *prices (buyer) were: Spot* 60.50p (same); Dec. 62.00p (62.25p): Jan. 63.00p (63.25p).

SOYABEAN MEAL

The London market opened £1.50 higher on short covering. However trade selling throughout the day eased *values to close unchanged to 50p up,* reports T. G. Roddick.

	Yest'rday Close £ per tonne	+ or —	Business Done
December	148.10-48.5	+0.05	149.50-48.00
February	153.90-54.0	+0.35	155.70-53.40
April	156.00-56.7	—0.20	157.20-56.50
June	156.60-56.2	+0.55	157.00-156.30
August	154.60-55.5	+0.55	155.00-54.50
October	155.70-56.2	—1.05	157.00-156.00
December	161.00-64.0	—2.0	—

Sales: 312 (224) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): *£405.00 (£390.00) a tonne cif for Nov.-*Dec. shipments. White sugar daily price was £395.00 (£385.00).

Scattered shortcovering lifted prices some £3 above overnight levels during the morning. However further buying interest was lacking and prices began to drift. The market closed at the lows some £5 below the high points, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Jan	421.50-22.50	412.00-15.00	422.00-21.50
Mch	427.85-27.90	420.00-20.30	435.00-19.25
May	427.25-27.50	419.85-20.00	431.25-19.50
Aug	404.00-05.00	396.75-99.50	408.50-02.00
Oct	370.50-71.50	366.25-66.75	375.00-70.00
Jan	339.00-39.50	363.75-34.00	339.00-17.50
March	326.50-28.50	325.00-25.50	332.00-29.25

Sales: 7,310 (9,098) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £506.00 (£490.50) for export.

International Sugar Agreement (U.S. cents per pound, fob and stowed Caribbean port). Prices for Nov. 3. *Daily price 41.39 (41.27). 15-day* average 40.75 (40.76).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business. sales). Australian cents per pound. Dec. *464.0, 464.0, 464.0-462.5, 87; March* 486.0, 487.0, 488.0-485.0, 110; May 499.5, 500.0, 502.0-439.5, 74; July 515.0, 516.0, 517.5-516.0, 102; Oct. 517.0, 518.0, 519.0-513.5, 27; Dec. 520.5, 522.0, 521.0-517.0, 49; March 524.0, 528.0, 525.0-522.0, 15; May 526.5, 532.0, 526.0-525.0. 3. Sales: 467.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Dec. 353, 362, 357, 1; Jan. 358, 363, nil, nil; Mar. 368, 371, 369, 6; *May 369, 375, 372-371, 5; August 377,* 380, 378, 2; Oct. 381, 383, 382-381, 3; Dec. 381, 383, 382, 1; Jan. 381, 384, nil, nil; March 384, 387, nil, nil; May 386, 390, nil, nil. Sales: 18.

POTATOES

LONDON POTATO FUTURES—*The* market was steadier in the morning *session with prices gaining as much* as £2.00 but some inevitable profit-taking brought out small selling interest and the market closed quietly steady, reports Coley and Harper. Closing prices: Nov. 42.00 —60 (high 42.00), Feb. 58.50 +110 (high 59.50, low 57.90): April 69.00 +140 (high 69.50, low 68.30). Turnover: 72 (70) lots of 40 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 40 tonnes, bringing the total for the week so far to 168 tonnes. *Dealers were not particularly anxious* to anticipate their requirements and business was on narrow lines. Some interest was shown in African varieties as well as specialist qualities in South *American growths.*

MEAT/VEGETABLES

SMITHFIELD—pence per pound. Beef: Scotch killed sides 59.4 to 64.6; Eire hindquarters 67.2 to 70.0; forequarters 44.5 to 46.2. Veal: Dutch hinds and ends 96.0 to 100.0. Lamb: English small *43.0 to 47.7; medium* 41.5 to 46.4; heavy 38.5 to 42.2; Scotch medium 40.0 to 47.0; heavy 36.0 to 42.0; Imported frozen—N.Z. pl 52.0 to 53.0; pm 46.0 to 48.0. Pork: English, under 100 lbs *44.0 to 50.0; 100-120 lbs 42.0 to 49.0;* 120-160 lbs 40.0 to 48.0.

MEAT COMMISSION—Average fatstock prices at representative markets on November 4. GB cattle 71.50p per *kg. lw (+3.17). UK sheep 84.04p per* kg est. dcw (—1.26). GB pigs 67.93p per kg. lw (—0.08).

COVENT GARDEN—Prices in sterling except where otherwise stated: **Imported** Produce: Oranges—Spanio: Navelinas 48/54/60 5.20, 7/80 5.00-5.20, 90 5.00, 100/110 4.20, 120/150 4.00; Outspan: Valencia Lates 48 5.40, 56 5.75, 72 5.85, 88 4.65, 112 4.70, 138 4.55, 150 4.40; Brazilian: 72/138 3.50-3.60. Lemons—Spania: Trays 25/45 2.40-2.80; Turkish: 10-kg 4.00-4.80; Cypriot: 10-kg 4.50-5.00. Grapefruits—Cypriot: 36042048054 4.00-4.50; Cuban: 3.50-4.00; Jaffa: 15-kg 36 5.35, 42 5.25, 48 4.90, 60 4.60, 70 4.30; Dominican: 3.50-5.00. Satsumas—Spania: 210/195/189 2.50-2.60, 168 2.60-2.70, 154 2.65-2.80, 144 3.00-3.10, 128 3.20-3.40, 105 3.50-3.60. Apples—French: Starkcrimson large boxes 3-60-4.30, Golden Delicious approx. 20-lb, 72 1.90-2.30, 84 1.50-1.80; 40-lb 125/163 3.00-4.20, Granny Smith 20-lb 72 2.10, 84 1.50-1.60; *Greek: Starking 150 4.50; Dutch:* Cox's Orange Pippins per pound 0.09; Belgian: Golden Delicious 65/70 28-lb 1.80; Hungarian: Starking 44-lb 6.00. Pears—Italian: Per pound Williams *0.14-0.17, Beurre Hardy 0.13, Passa-*crassana 0.13-0.14; Dutch: Conference 0.11-0.12; Belgian: 0.10-0.12. Peaches—S. African: 24's 5.00. Grapes—Italian: Italia 2.80; Spanish: Almeria 2.20-2.40, Black 2.50-2.60. Pomegranates—Spanish: 40/60 1.60-3.00. Melons—Spanish: Yellow 10-kg 3.00-3.50, Green 7/11's 2.60-2.70. Tomatoes—Jersey: 1.80-2.20; Spanish; 2.80-3.60; Dutch: 3.00: Canary: 2.60-2.80. Onions—Spanish: 3.80-4.00; Dutch: Picklers 3.00, 10-kg 1.40. *Cabbages—Dutch:* White 2.80. Cucumbers—Canary: 10/14 2.20-2.50, Chicory—Belgian: Per box 3.20-3.50, Figs—Smyrna: Per ½-lb packet 0.19-0.20. Dates—Algerian: Per *packet 4.05-0.53. Chestnuts*—Italian: 5-kg 3.00-3.50; French: 3.00-3.30; Spanish: 3.00-4.20. Nuts—Brazils: Per pound large washed 0.28-0.30, medium 0.23; Walnuts: Chinese 30mm 55-lb, per popnd 0.30, French Grenoblos 0.55; Almonds: large hard 0.38, medium 0.35. Ibiza 0.44; Pecan Nuts: 0.65; Filberts: Sicilian 19mm 0.45; *Mixed Nuts: 0.39;* Peanuts: Per 28-lb 7.50.

English Produce—Potatoes—Per bag 1.20-2.00. Mushrooms—Per pound 0.60-0.70. Apples—Per pound Bramleys 0.05-0.08, *Spartons 0.10-0.12,* Worcester Pearmain 0.06-0.08, Cox's Orange Pippins 0.12-0.20, Russets 0.10-0.12, Starking 0.10-0.12. Pears—Per pound Conference 0.08-0.11, Comice 0.14-0.16. Cabbages—Per bag 1.30, White cabbages 2.40. Cauliflowers—Per 12, Lincoln 2.00-2.40, Kent 3.00-3.60. Beetroots—Per bag 0.90-1.20. Cucumbers—Trays 10/20 1.60-2.60. Tomatoes—Per 12-lb 1.60-2.20. Lettuces—Per 12 round 1.40-1.50. Sprouts—Per pound 0.08-0.10. Corn Cobs—Each 0.05 Carrots—Per 28-lb 0.90-1.20. Onions—Per bag 2.50-2.80, Picklers 2.80-3.00. Celery—Per pack 20/30 3.00, naked 12/14 1.40-1.50. Capsicums—Per pound 0.30. Swedes—Per 28-lb Devon 0.80. Cob Nuts—Per pound 0.25. Parsnips—Per 28-lb 1.30-1.50.

★

GRIMSBY FISH—Supply: poor, demand: good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.50-£6.00, codlings £3.40-£4.50; large haddock £4.40-£5.00, medium £3.50-£4.40, *small* £1.50-£2.80; best small plaice £4.00-£5.20; large skinned dogfish £8.00-£9.00, medium £4.00-£6.00; large lemon soles £12.00, medium £10.00; saithe £3.20.

PRICE CHANGES

In tonnes unless otherwise stated.

	Nov. 4 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1595/1625	....	$1600/30
Copper			
Cash w'bar	£842.5	+8	£854
3 mths	£872.75	+7.25	£881.75
Cash Cathode	£825	+18	£826.5
3 mths	£851.5	+13	£853.5
Gold troy oz	$646.5	+4	$678.5
Lead Cash	£340.5	+5	£368.5
3 mnths	£353.625	+4.125	£382.5
Nickel	£3,1 15	....	£3,168
Freemkt	285/310c	....	290/315c
Platin'mtr'y oz	£202	....	£202
Free mkt	£269.50	+2.5	£289.20
Quicksilver†	$403/413	—2	$415/420
Silver troy oz	807.25p	+37.25	871.70p
3 mths	840.0p	+38	903.65p
Tin Cash	£6,620	—40	£6,960
3 mths	£6,675	—57.5	£7,087.5
Tungsten 22.04lb	$146.72	—1.48	$146.42
Wolfrm 22.04 lbs	$147/150	....	$148/152
Zinc cash	£327.25	—1.5	£338.5
3 months	£338.75	—1	£349.25
Producers	$825	....	$780
Oils			
Coconut (Phil)	$625y	....	$565
Groundnut	‡	....	‡
Linseed Crude	£407	+10	£388
Palm Malayan	$585z	+18.5	$510
Seeds			
Copra Philip	$385	....	$360
Soyabean (U.S.)	$373.5	+7	$334
Grains			
Barley Futures	£96.35	—0.55	£96.90
Maize		....	‡
French No3AM	‡	....	‡
Wheat			
No.1 Red Spg	‡	....	‡
No2HardWint	£102.50z	....	£100.25
Eng. Millingt	‡	....	‡
Other commodities			
Cocoa ship't	£995	—10	£1,056
Future Mar.	£951.5	—9	£1,011.5
CoffeeF t' Jan.	£1,032	—8	£1,087.5
Cotton A Index	88.40c	—0.45	89.05c
Rubber (kilo)	60.50p	....	62.25p
Sugar (Raw)	£405	+15	£385
Woolt'ps 64s kl	287p kilo	....	282p kilo

‡ Unquoted. y Dec.-Jan. x Dec. w Nov.-Dec. z Indicator. § Buyer. † Per 76 lb flask. * Nominal. t Jan.

AMERICAN MARKETS

Monday's Closing Prices

NEW YORK, November 3.

††Cocoa—Dec. 2095 (2141). March 2179 (2226), May 2225, July 2273, Sept. 2315, Dec. 2370, March —. Sales: 1,613.

Coffee—"C" Contract Dec. 121.74 (125.14), March 124.97 (127.41), May 126.50, July 128.68, Sept. 129.55, Dec. 130.25, *March 130.75.* Sales: 1,736.

Copper—Nov. 93.60 (92.95). Dec. 94.50 (93.90), Jan. 95.35, March 97.10, May 98.65, July 100.10, Sept. 101.63, Dec. 103.75, Jan. 104.50, March 106.05, May 107.60, July 109.15, Sept. 110.70. Sales: 4,900.

Cotton—No. 2: Dec. 89.12 (89.75). *March 89.67 (90.21), May 89.80, July* 89.75, Oct. 85.40, Dec. 82.85, March 83.60, May —. Sales: 7,203.

*Gold—Nov. 648.0 (635.0). Dec. 655.0 (642.0). Jan. 664.1, Feb. 673.4, April 691.6, June 710.1, Aug. 729.2, Oct. 748.5, Dec. 769.1, Feb. 787.9, April 807.8, June 827.8, Aug. 848.1. Sales: 33,000.

Orange Juice—Nov. 91.15 (90.55). Jan. 93.40 (92.75), March 95.00, May 95.75, July 96.30, Sept. 97.10, Nov. 97.90, Jan. 98.60, March 99.10. Sales: 400.

*Platignum—Nov. 664.0 (643.0). Dec. — (844.5). Jan. 677.3, April 701.8, May —, July 729.3, Oct. 756.8, Jan. —. Sales: 1,526.

¶Silver—Nov. 196.60 (189.00). Dec. *196.00 (191.00),* Jan. 198.65, March 203.90, May 209.20, July 214.50, Sept. 219.80, Dec. 227.75, Jan. 230.40, March 235.75, May 241.15, July 246.55, Sept. 251.95. Sales: 4,000. Handy and Harman bullion spot: 1940.0 (1890.0).

Sugar—No. 11: Jan. 42.95 (42.55), March 44.91 (43.34), May 44.17, July 43.34, Sept. 40.22, Oct. 38.61, Jan. 34.85, March 34.15. Sales: 13,566.

CHICAGO, November 3.

Silver—Nov. 1936.0 (1885.0), Dec. 1955.0 (1905.0), Jan. —, Feb. 2019.0, April 2073.0, June 2127.0, Aug. 2181.0, Oct. 2235.0, Dec. 2289.0, Feb. 2343.0, April 2397.0, June 2451.0, Aug. 2505.0, Oct. 2559.0, Nov. —, April —.

||Soyabean Meal—Dec. 265.0-265.8 *(273.7), Jan.* 269.5-269.8 (283.2), March 297.0-296.5, May 296.5-297.0, July 295.0, Aug. 295.0, Sept. 263.0, Oct. 245.0-246.0, Dec. 243.0-244.0, Jan. —.

Soyabean Oil—Dec. 27.40-27.35 (26.72), Jan. 27.30-27.75 (27.13), March 28.40-28.50, May 28.80, July 29.30-29.20, Aug. 28.90, Sept. 28.25, Oct. 27.20-27.25, Dec. 27.05, *Jan.* —.

WINNIPEG, November 3.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 287.16 (286.61).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen. †† $ per metric ton.

Markets in Chicago and New York were closed yesterday for the Presidential Election.

WINNIPEG, November 4. §Barley—Dec. 147.00 (146.30), March 150.00 (149.50), May 150.60, *July 150.70,* Oct. —.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 287.50 (287.16).

EUROPEAN MARKETS

ROTTERDAM, November 4.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent Nov. $220, Dec. $220, Jan. $239, Feb. $241. U.S. No. Two *Red Winter Nov. $228, Dec. $231.* U.S. No. Two Northern Spring 14 per cent Nov. $225, Dec. $228, Jan. $245, Feb. $250.

Maize—Nov. $169.50, Dec. $173.50, Jan.-March $183, April-June $185.50, July-Sept. $182, Oct.-Dec. $160.

Soyabeans—U.S. Two Yellow Gulfports Nov. $368.50, Dec. $373, Jan. $381.25, Feb. $389, March $392.50, April $397.50, May $398.50, June $400, *July $400.25, August $399.50, Sept.* $320, Oct. $338.25, Nov. $336.25, Dec. $342.50 sellers. Soyameal—44 per cent protein U.S. April $340, Nov. $341, Dec. $347, Nov.-March $350. Brazil *Pellets April $350, Nov. $353, Dec. $359,* Nov.-March $365.

PARIS, November 4.

Cocoa (FFr per 100 kilos)—Dec. 956-1005, May 1018-1025, July 1025, Sept. 1050-1080, Dec. 1065-1080. Sales at call: 1.

Sugar (FFr per 100 kilos)—Dec. 4240-4270, March 4430-4435, May 4455-4465, July 4310-4330, August 4210-4345, Oct 4010-4070, Nov. unquoted, Dec. *3670-3750. Sales at call: 4.*

INDICES

FINANCIAL TIMES

Nov. 4	Nov. 3	Mnth ago	Year ago
274.36	273.98	276.22	292.90

(Base: July 1, 1952=100)

MOODY'S

Nov. 3	Oct. 31	M'nth ago	Year ago
1310.9	1323.7	1314.2	1154.9

(December 31, 1931=100)

DOW JONES

Dow Jones	Nov. 3	Oct. 31	Month ago	Year ago
Spot	483.02	482.42	466.25	400.47
F'tur's	501.13	501.15	490.00	405.84

(Average 1924-25-26=100)

REUTERS

Nov. 4	Nov. 3	M'nth ago	Year ago
1756.2	1761.7	1753.9	1686.9

Base: September 18, 1931=100)

Markets remain nervous and general trend is lower
Continued rise in money growth further inhibits trade

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Oct. 27	Nov. 6	Nov. 7	Nov. 17
Nov. 10	Nov. 20	Nov. 21	Dec. 1
Nov. 24	Dec. 4	Dec. 5	Dec. 15

* "New time" dealings may take place from 9 am two business days earlier.

The addition of the motor industry's latest troubles to the *gloomy overall UK industrial* scene kept investment initiative in low key yesterday. Easier *opening tones were evident in* both main investment sectors of London stock markets, but Gilt-*edged securities* soon rallied on a limited amount of bear-closing and thereafter marked-time awaiting the October banking statistics.

Announced at 2.30 pm, these confirmed a continuation of the recent rapid rise in money growth, but Gilt market operators showed little concern. *Longer-dated stocks* were lowered but again quickly reverted to overnight list levels before easing to close about ½ down in places. The hope that the latest figures could be the last of a highly disappointing series which commenced with July's unprecedented jump in money stock following the unwinding of *corset controls* generated some support. Short-dated stocks displayed little resilience and a good deal of uncertainty to end around ¾ lower.

The possibility of further Government spending cuts being announced shortly made for pronounced dullness in defence-orientated stocks, but the bulk *of leading equities merely* drifted lower for want of interest. The movement was progressive and at 3.00 pm the FT Industrial Ordinary share index was showing a loss of 3.3. After the official close, however, dealers began marking prices a little better and the index was finally a net 2.1 down to extend *its fall over the past six trading* sessions to 16.1 points at 480.0.

Mining issues predominated in Traded options with **Cons. Gold Fields** and **RTZ** contributing 403 and 227 deals, respectively to a total of 1,301.

Home Banks lower

Dull conditions prevailed in the *banking sector. Home Banks* continued to drift lower on lack of support and closed with falls *ranging to 8;* publication of the latest lending figures made no impression in the afternoon trade. Hire Purchases again reflected fading hopes of an early reduction in interest rates; **F.C. Finance**, 70p, **Lloyds and Scottish**, *170p, and* **Sterling Credit**, 6p, all cheapened a couple of pence, while **UDT** softened a penny to 41p as did ***Wagon Finance***, to 41p.

Insurances plotted an irregular course in moderate trading. *Ahead of next Tuesday's third-quarter figures,* **Commercial Union** edged forward a penny to 162p but **London United Investments** cheapened 5 to 183p on profit-taking. **Hambro Life** also relinquished 5, to 301p, while, among Lloyds brokers, **Alexander Howden** and **Minet** hardened 2 to the common level of 95p.

Support was again lacking for Breweries and **Bass** shed 4 at 212p. Among Distilleries, profit-taking clipped 3 from recently firm **Amalgamated Distilled Products**, 57p, while reports of poor Christmas wine sales unsettled importers.

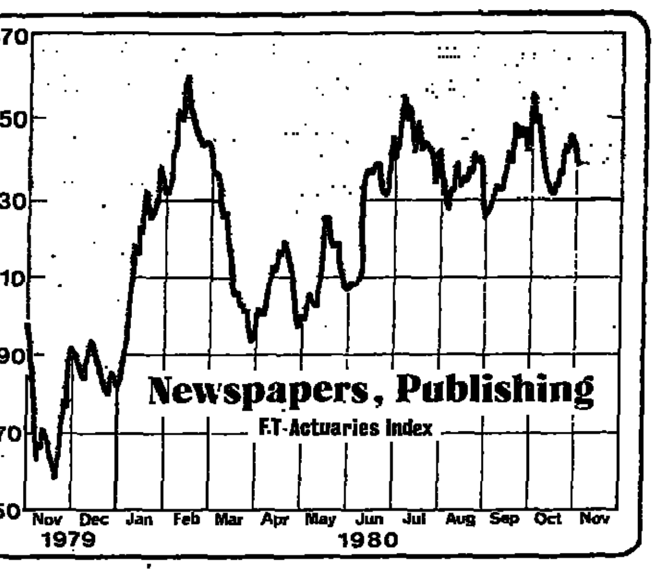
Buildings drifted down on sporadic small selling, but selected leading issues attracted a few cheap buyers at the lower levels and closed a few pence above the worst. **BPB** finished 4 off at 224p, after 221p, and **Blue Circle** 2 cheaper at 320p, after 318p. **Tarmac**, however, shed 5 for a two-day fall of 10 *to 250p, while* ***Taylor Woodrow*** eased 6 to 452p. **Crouch Group**, a good market of late on U.S. property sales, gave up 10 to 168p, while **Roberts Adlard** shed 2 to 98p, the Board's none-too-optimistic statement outweighing the increased interim profits. Timbers remained dull with **Montague L. Meyer** and **Magnet** ***and Southerns*** *losing a couple of* pence apiece to 85p and 112p respectively. Elsewhere, **Bellway** *hardened a penny to 68p in front* of today's preliminary results, while **Burnett and Hallamshire** revived with a gain of 15 to 755p.

Among Chemicals, **Anchor** added 2 to 68p and **Catalin** 4 to 50p, *the latter in a thin market.* **Allied Colloids**, however, closed a couple of pence cheaper at 98p and **Leigh Interests** 3 off at 166p. **ICI** held at 338p after a small two-way business, but **Fisons** drifted off and closed 2 cheaper at 213p.

W. L. Pawson drop

Lack of investment incentive was again reflected among leading Stores which ended with *modest losses after a subdued* business, but **House of Fraser** closed 2 better at 141p; the company has agreed a *£29m sale-and-lease-back* deal for its D. H. Evans site in Oxford Street. Secondary issues were featured by **W. L. Pawson** which dropped 7 to 20p on rumours that the chairman has disposed of a sizeable stake in the company. **Kean and Scott** again succumbed to profit-taking and shed 7 for a two-day fall of 17 at 153p, while recent speculative favourite **Grant Brothers** also lacked support and closed 13 down at 100p. Falls of 2 were common to **MFI**, 63p, and **Sumrie Clothes**, 19p.

The recent high-flying Electrical sector encountered further selling, sentiment again being unsettled by the prospects of cuts in planned defence spending. Among the leaders, **Racal**, down 11 at 335p, after 330p,



were also affected by comment on the extent of the losses made by its Decca subsidiary. **GEC** eased afresh to 555p before rallying to close unaltered on the day at 562p, but **Plessey** ended 4 cheaper at 252p, after 250p, while **Thorn EMI** lost 7 to 352p. **Farnell** were outstanding in secondary issues with a further *fall of 16 at 370p.* **AB Electronic** gave up 7 to 180p and **United Scientific** 8 to 300p. In contrast, **Newman Industries** edged up a penny more to 33p following the financing arrangements with the Singapore-based Cycle and Carriage.

Eva Industries became a late weak feature at 46p, down 8, on the sharp fall in half-yearly profits and passing of the interim dividend. Elsewhere in the Engineering sector, occasional offerings ahead of the interim results due Thursday week left **Staveley** *6 cheaper at 204p,* but **Martonair**, down to 206p at one stage, rallied following the preliminary figures to close 4 up on balance at 214p. **Adwest** were dull at 158p, down 6, along with **ML Holdings**, 5 cheaper at 310p, while others to give ground included **Carelo**, 4 off at 52p, and **Davy Corporation**, a similar amount lower at 124p.

Business in Foods was quieter than of late with **J. Sainsbury** holding steady at 580p in front of today's interim results. **Associated Dairies** remained friendless and shed 2 more for a fall of 20 to 222p since the chairman's profits warning.

Ropner pleases

Among the quietly dull miscellaneous industrial leaders, **Unilever**, 443p, and **Boots**, 238p, both lost 4 ahead of interim statements due next Tuesday and Thursday respectively. Elsewhere, **Ropner** *issues stood out* with the ordinary rising 9 to 150p and the A 11 to 148p in response to the better-than-expected interim profits. **Polymark International** hardened 2 to 83p, also after favourable mid-term figures, while far-eastern influences prompted improvements of 3 and 7 respectively in **Wheelock Marden**, 60p, and **Hutchison Whampoa**, 140p. Supported up to 96p in front of the first-half figures, **St. Georges Laundry** reacted on them to close unaltered at 92p. **Sketchley**, however, fell to 225p before closing a net 4 lower at 230p following news of a near-33 per cent contraction in interim earnings. *Other dry-cleaning issues drifted* lower in sympathy with **Initial Services** notable for a fall of 6 to 197p. Renewed profit-taking clipped 2 more from **Cawdaw** at 27p. **Sotheby's** lost 8 to 530p and **Applied Computers** dipped 10 to 475p, while falls of around 5 were seen in **AGB Research**, 185p, **Aeronautical and General**, 320p, **Bestobell**, 313p, **Redfearn National Glass**, 180p, and **G. R. Holdings**, 197p.

The decision of BL shop stewards to call for strike action had little apparent effect on major Components suppliers. **Lucas** firmed a penny to 167p, while **Dunlop** added 2 more at 76p. In Distributors, **Jessups** eased a couple of pence to 27p awaiting tomorrow's annual results.

Leading Properties closed with modest losses in the absence of buyers. Secondary issues had a firm feature in **Allied London Properties** which put on 12 to 132p in response to the increased preliminary profits and proposed 100 per cent scrip issue. **London Provincial Shop Centres** remained at 385p respite the reduced annual income, but **Bradford Property** hardened a couple of pence to 196p on the increased interim profits. **Rush and Tompkins** firmed 4 to 224p on late support: the half-yearly results are due on Friday. Buyers also showed interest in *Marlborough*, 2 dearer at 44p, and **Winston Estates**, a penny firmer at a 1980 peak of 65p. Following recent heavy buying of each others shares, reportedly in thwart take-over moves, **Jardine Matheson** closed 11 down at 235p, after 228p, and **Hong Kong Land** reacted 8 to 194p; the former's 7½ per cent Convertible lost 17 points at £155.

Oil leaders steady

Trading conditions in the Oil leaders were extremely quiet, but the underlying tone held steady. **BP** fluctuated narrowly before settling without alteration at 470p, while **Shell** edged up 4 to 468p. Among the speculative issues, **Double Eagle** weakened afresh to 540p on lack of news about Alaskan on-shore drilling *before closing 45 down at 575p;* **Warrior Resources** closed 15 lower at 310p, after 290p. Adverse comment left **KCA** 9 down at 177p.

Already a firm market at 83p, **R. P. Martin** jumped in the late dealings to close 18 higher at 95p on news that Bierbaum and Co. had acquired a near-30 per cent stake in the company, and intends to initiate talks which may lead to a full offer for Martin. Elsewhere in Financials, **English Association** were quoted ex rights at 385p, with the new shares at 185p premium.

Apart from **Toray**, 5 better at 50½p in front of next Monday's interim results, Textiles attracted scant interest and ended with small falls.

South African Industrials were selectively firm under the lead of **Barlow Rand**, 16 better at 505p following the more-than-doubled preliminary profits. First-half profits from **Tongaat** also proved to be substantially better than expected and the shares put on 15 to 145p. **Tiger Oats** added a like amount, to 760p, while **South African Breweries** firmed 4 to a 1980 peak of 183p.

Golds firmer

South African Golds made *good progress on a rising bullion* price coupled with renewed firmness in the Financial Rand. The Gold Mines index moved up 4.8 to 506.6.

In the heavyweights, **Randfontein** advanced £1½ more to £44, **Western Holdings** ½ to £46½ at **Southvaal** ¾ to £18½. **Stilfontein** put on ¼ to a 1980 high of £13¼.

London Financials were generally steady to a shade firmer in quiet trading. **Gold Fields** rose 10 to 666p but met profit-taking which pared the price to 657p for a net gain of 2, while **Rio Tinto-Zinc** added a like amount to 472p. **Tanks** were unchanged on balance at 320p, after 325p, but the bearer shares attracted further Continental buying and closed 13 higher at 335p.

Australians were featured by the strength of the Rundle oil-shale "twins" after the A$20.12m share placements made to finance an international drilling programme. **Central Pacific** which placed 1m shares at A$10, advanced 20 to 525p, while **Southern Pacific**, which placed *2.7m shares at A$3.75, added 10* to 202p.

Among the leaders, **CRA** dipped 8 more to 318p and **Pan-continental** and **Peko-Wallsend** 5 apiece to 425p and 595p respectively, but **MIM Holdings** edged up 2 to 275p.

The Strata/Haoma/North West Mining group attracted good interest. **Haoma** rose 6 to 196p and **North West** put on 12 to a peak 192p.

Among the speculatives, **Jones Mining** fell 6 to 64p, **Kitchener Mining** 8 to 330p and **International Mining** 2 to 53p. **Metals and Energy Minerals** hardened a penny to a year's high of 33p: the company will have a 10 per cent interest in a well soon to be drilled about 40 km south of the Wareena 1 wildcat well in the Cooper Basin which recently reported a good gas flow.

FINANCIAL TIMES STOCK INDICES

	Nov. 4	Nov. 3	Oct. 31	Oct. 30	Oct. 29	Oct. 28	A year ago
Government Secs	70.39	70.45	70.94	71.30	71.42	71.53	67.44
Fixed Interest	71.94	71.97	72.14	72.29	72.30	72.33	68.74
Industrial Ord.	480.0	482.1	486.5	492.8	493.2	495.3	418.8
Gold Mines	506.6	501.8	504.9	516.8	503.5	496.5	210.1
Ord. Div. Yield	7.58	7.54	7.47	7.38	7.38	7.35	7.99
Earnings, Yld. % (full)	17.11	17.02	16.87	16.69	16.68	16.63	19.17
P/E Ratio (net) (*)	7.13	7.17	7.23	7.31	7.31	7.34	6.48
Total Bargains	20,649	20,039	18,877	20,779	22,451	21,780	19,546
Equity turnover £m.	—	114.11	134.73	160.00	140.39	140.48	105.23
Equity bargains total	—	16,604	16,272	18,675	19,204	18,200	15,046

10 am 481.4. 11 am 480.4. Noon 479.3. 1 pm 479.0. 2 pm 478.9. 3 pm 478.8.
Latest Index 01-246 8026
* Nil = 6.63.

Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.64 (21/7)	63.85 (7/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/5)	150.4 (28/11/47)	50.53 (6/1/75)
Ind.Ord.	508.9 (12/9)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
GoldMines.	558.9 (22/9)	266.5 (16/5)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 4	Nov. 3
—Daily		
Gilt Edged	121.9	96.0
Industrials	102.9	80.4
Speculative	38.6	49.2
Totals	74.6	62.3
5-day Avrge.		
Gilt Edged	105.6	104.1
Industrials	91.2	91.6
Speculative	41.1	42.0
Totals	68.9	69.4

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (25)

AMERICANS (2)
Richardson-Merrell Singer
CHEMICALS (1)
Rentokil
ELECTRICALS (1)
Suter Elec. Dn. Dafd.
INDUSTRIALS (4)
Hutchison Whampoa Ropner
St. George's Laundry Do. A
PROPERTY (2)
Swire Props. Winston Estates
SOUTH AFRICANS (3)
Barlow Rand Tiger Oats
S.A. Brews.
TEXTILES (1)
Toray
TRUSTS (4)
Energy Investors English Assoc.
Jersey General Martin (R. P.)
OIL & GAS (1)
Santos
MINES (3)
Gillanders North West Mining
Metals Energy

NEW LOWS (33)

BRITISH FUNDS (1)
Exchqr. 11½pc 1986
BANKS (1)
Invergordon
BUILDINGS (1)
Phoenix Timber
CHEMICALS (1)
Bayer AG
STORES (3)
Burton Group Pawson (W. L.)
Fairdale Textiles
ELECTRICALS (1)
Dreamland
ENGINEERING (4)
Carclo Eng Delta Metal
Chilford (Ch.) Eva Industries
INDUSTRIALS (14)
Beatson Clark Metal Closures
Bodycote Int. Platignum
Braby Leslie Redfearn Glass
Chubb Reed Executive
Dom Holdings UKO Int.
Elswick-Hopper 'W' Ribbons
Hawtin Wade Potteries
LEISURE (1)
Fairline Boats
MOTORS (1)
Dorada
PAPER (2)
Capseals Lonvale
British Mohair
TRUSTS (1)
Danae (Cap.)
OIL & GAS (1)
Sun (UK) Royalty

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	7	30	42
Corpns., Dom. and Foreign Bonds	8	16	40
Industrials	89	418	875
Financial and Prop.	46	229	206
Oils	10	33	12
Plantations	1	3	17
Mines	55	30	71
Others	27	60	44
Totals	233	819	1,367

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Nov. 4, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon. Nov. 3 Index No.	Fri. Oct. 31 Index No.	Thur. Oct. 30 Index No.	Wed. Oct. 29 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (171)	285.57	−0.5	15.41	5.78	7.88	288.09	292.67	294.04	293.56	218.16
2 Building Materials (28)	291.22	−1.2	19.72	7.18	6.03	294.73	298.12	299.54	298.10	236.89
3 Contracting, Construction (27)	416.91	−0.4	21.82	6.01	5.41	418.47	423.74	428.61	429.31	336.76
4 Electricals (17)	930.73	−0.3	10.51	2.90	11.68	933.53	952.84	952.05	946.68	525.25
5 Engineering Contractors (11)	353.35	−0.8	17.52	7.31	7.28	356.17	362.54	363.76	363.16	296.13
6 Mechanical Engineering (72)	176.47	−0.5	16.41	7.57	7.43	177.31	179.36	181.14	181.47	143.55
8 Metals and Metal Forming (16)	150.03	−0.3	19.45	10.92	6.41	150.51	151.60	152.34	152.42	144.21
CONSUMER GOODS										
11 (DURABLE) (48)	241.51	−1.5	13.26	5.39	9.03	245.07	248.03	249.05	248.62	201.68
12 Lt. Electronics, Radio, TV (14)	379.72	−2.0	10.01	3.64	12.15	387.43	392.48	393.70	392.55	281.97
13 Household Goods (13)	85.31	−0.5	26.51	11.06	4.77	85.78	87.57	88.89	88.59	125.32
14 Motors and Distributors (21)	92.45	+0.5	23.36	10.12	4.93	91.98	92.58	93.12	93.45	99.87
CONSUMER GOODS										
21 (NON DURABLES) (171)	238.39	−0.8	17.08	6.78	7.07	240.20	243.48	246.41	246.80	209.02
22 Breweries (14)	272.71	−0.9	16.61	6.75	7.03	275.16	277.31	280.99	281.73	253.33
23 Wines and Spirits (5)	288.37	−0.1	21.12	7.12	5.52	288.60	290.97	291.87	294.64	304.38
24 Entertainment, Catering (17)	345.44	−1.5	16.84	6.48	7.32	350.75	354.08	361.82	363.88	284.81
25 Food Manufacturing (22)	209.89	−0.5	18.95	7.47	6.23	211.03	213.87	215.01	215.23	188.06
26 Food Retailing (13)	401.97	−0.4	11.83	3.85	10.01	403.64	409.03	411.67	414.27	278.24
32 Newspapers, Publishing (12)	439.57	−0.2	19.42	6.62	5.81	439.52	441.75	444.41	445.78	371.68
33 Packaging and Paper (15)	120.91	−0.5	26.71	10.71	4.34	121.52	122.15	124.08	125.76	116.74
34 Stores (44)	246.33	−0.8	12.29	5.11	10.62	248.22	252.94	256.78	257.18	204.19
35 Textiles (21)	128.77	−0.6	23.82	11.90	5.14	129.59	130.56	131.86	129.99	135.73
36 Tobaccos (3)	232.90	−1.2	26.96	10.95	4.22	235.38	239.04	251.21	249.03	230.66
37 Toys and Games (5)	24.94	+1.2	9.01	11.59	25.65	24.65	25.48	25.24	25.84	55.67
41 OTHER GROUPS (98)	219.88	−0.5	15.91	7.12	7.51	221.02	222.21	223.76	224.08	183.70
42 Chemicals (15)	303.30	−0.4	17.48	8.01	6.68	304.37	302.53	305.49	305.22	264.08
44 Pharmaceutical Products (7)	225.12	−1.1	11.36	6.23	10.54	225.99	226.94	229.92	228.49	197.88
45 Office Equipment (6)	104.69	—	19.64	7.94	5.95	104.69	108.61	108.75	109.58	125.04
46 Shipping (10)	562.52	−0.7	13.07	6.48	9.34	566.38	574.84	579.51	578.15	416.31
48 Miscellaneous (60)	278.12	−0.8	16.64	6.70	7.33	280.24	282.83	285.37	285.63	215.86
49 INDUSTRIAL GROUP (488)	253.01	−0.7	16.07	6.46	7.50	255.57	258.70	260.87	260.97	209.17
51 Oils (12)	989.85	+0.2	24.28	5.31	4.59	988.27	997.65	1015.93	999.99	713.63
59 500 SHARE INDEX	311.94	−0.5	18.11	6.18	6.48	313.44	317.06	320.30	319.35	248.99
61 FINANCIAL GROUP (118)	250.71	−0.4	—	5.24	—	251.83	256.31	259.10	260.32	169.34
62 Banks (6)	257.16	−1.2	39.73	6.55	3.01	260.42	265.26	268.09	271.75	180.67
63 Discount Houses (10)	295.61	—	—	5.82	—	295.48	299.86	301.26	300.92	224.93
64 Hire Purchase (5)	226.34	−1.3	10.96	4.46	12.31	229.24	238.67	240.25	241.20	156.07
65 Insurance (Life) (10)	257.67	−0.3	—	5.12	—	258.41	264.89	268.19	269.76	140.57
66 Insurance (Composite) (9)	170.67	−0.1	—	7.56	—	170.79	172.90	174.84	176.53	109.76
67 Insurance Brokers (9)	333.04	+0.6	13.83	6.94	9.90	331.00	340.00	343.35	343.15	248.54
68 Merchant Banks (13)	159.59	−0.4	—	4.76	—	160.21	162.57	163.47	161.69	89.33
69 Property (45)	458.23	−0.3	3.15	2.67	44.23	459.46	466.80	472.25	471.01	312.71
70 Miscellaneous (11)	162.69	−0.2	15.94	5.92	7.93	162.99	165.38	167.38	167.42	112.22
71 Investment Trusts (109)	285.32	−1.3	—	5.17	—	289.19	293.36	297.05	298.64	187.99
81 Mining Finance (3)	273.50	+0.2	12.99	4.79	9.17	272.96	273.09	277.55	275.46	134.94
91 Overseas Traders (20)	440.50	−0.9	11.27	6.72	10.71	448.37	453.28	455.93	457.85	316.85
99 ALL-SHARE INDEX (750)	300.96	−0.5	—	5.92	—	302.52	306.26	309.60	309.24	227.09

FIXED INTEREST PRICE INDICES

British Government	Tues. Nov. 4	Day's change %	Mon. Nov. 3	xd adj. today	xd adj. 1980 to date
1 Under 5 years	106.06	−0.19	106.27	—	8.78
2 5-15 years	112.36	−0.04	112.41	—	10.68
3 Over 15 years	118.19	−0.00	118.19	—	11.97
4 Irredeemables	130.37	−0.04	130.43	—	10.93
5 All stocks	111.95	−0.07	112.03	—	10.39

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Tues. Nov. 4	Mon. Nov. 3	Year ago (approx.)
1	Low Coupons	5 years	11.77	11.73	11.77
2		15 years	12.98	12.92	12.97
3		25 years	11.70	11.69	12.35
4	Medium Coupons	5 years	13.44	13.36	13.86
5		15 years	13.30	13.30	13.58
6		25 years	13.27	13.23	13.55
7	High Coupons	5 years	13.53	13.45	14.24
8		15 years	13.98	13.96	14.16
9		25 years	13.19	13.17	13.68
10	Irredeemables		11.14	11.13	12.02

	Tues., Nov. 4 Index No.	Yield %	Mon. Nov. 3	Friday Oct. 31	Thurs. Oct. 30	Wed. Oct. 29	Tues. Oct. 28	Mon. Oct. 27	Friday Oct. 24	Year ago (approx)
15 20-yr. Red. Deb. & Loans (15)	54.44	13.62	54.45	54.49	54.59	54.60	54.57	54.55	54.46	54.88
16 Investment Trust Prefs. (15)	50.67	13.58	50.67	50.68	50.86	50.85	50.85	50.85	50.98	46.41
17 Coml. and Indl. Prefs. (20)	67.36	13.30	67.36	67.51	67.65	68.00	68.00	68.00	68.00	62.88

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Nov. 3	Nov. 14	Feb. 5	Feb. 16
Nov. 17	Nov. 28	Feb. 26	Mar. 9
Dec. 1	Dec. 12	Mar. 12	Mar. 23

For rate indications see end of Share Information Service

Stocks favoured for the call included **Lonrho**, **British Land**, **BP**, **House of Fraser**, **Kwik-Fit**, **Intervision**, **Sound Diffusion**, **Candecca**, **KCA**, **Town and City Properties**, **Imperial Continental Gas**, *Hambro Life*, *Premier Oil*, **Lasmo**, **Endeavour**, **Double Eagle**, **Charterhouse Petroleum**, **New Court**, **Metramar**, **Woodside**, and **Raglan Properties**. Puts were arranged in **BP**, **Trafalgar House**, **Tesco**, and **Tate and Lyle**, while doubles were completed in **Endeavour**, **Town and City Properties**, **Avon Rubber** and **Cons. Gold Fields**.

ACTIVE STOCKS

Stock	Denomina-tion	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Clyde Petroleum	£1	10	620	−15	865	230
Amer. Oil Fields Systems	50p(p.p)	9	78	+3	85	75
GEC	25p	7	562	—	572	326
New Court Nat.	5p	7	92	−3	95	32
Plessey	50p	7	252	−4	274	108
Racal Electronics	25p	7	335	−11	352	175
BTR	25p	6	376	−2	390	201
BP	25p	6	470	—	484	320
Grand Met.	50p	6	155	−3	167	120
ICI	£1	6	338	—	402	318
KCA Intl.	25p	6	177	−9	199	41
Marks & Spencer	25p	6	111	—	117	77
RTZ 9½% Cnv.Uns. Ln. 1995-2000	£100	6	£111	+½	£115	£103½
BICC	50p	5	174	−2	182	95
Barclays Bank	£1	5	453	−7	482	327

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	—	80	70	Hk'sh Wh M'rcyo's 50p	72	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‡115	F.P.	—	128	120	Intervision Prd. 15p	126	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	F.P.	—	145	92	‡Mfore	124	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‡150	F.P.	—	200	180	‡Trust Securities 10p	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1980 High	1980 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. † Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡ Dealings under special rule. ‡‡ London Listing. † Resulting from debt settlement notes.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a) (z)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	53.3	57.3	+0.6	2.53
Abbey Capital	44.0	47.6	-0.4	5.15
Abbey General	54.9	59.4	-0.4	5.29
Abbey Gilt & F.I. Tst.	114.3	120.3	+0.1	11.37
Abbey Income	33.4	36.1	-0.2	9.58
Abbey W'Wide Bd Tst.	86.7	91.7	-0.3	7.31
Abbey Inv.Tst.Fd.	49.0	53.0	-0.6	4.79
Equitas Prog. Tst.	83.2	89.9	-0.6	4.79

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	92.6	97.4	-0.1	12.46

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	87.6	93.7	-0.8	6.16
Brit. Inds. Fund	78.5	84.0	-0.5	6.96
Growth & Income	49.7	53.2	-0.4	5.23
Elect. & Ind. Dev.	43.5	46.5	-0.5	5.38
Allied Capital	93.6	100.2	-0.9	4.14
Hambro Fund	134.4	143.8	-0.8	6.02
Hambro Acc. Fund	179.4	192.0	-1.2	4.74
Income Funds				
High Yield Fd.	63.8	68.3	-0.5	9.80
High Income	76.5	81.9	-0.6	7.75
A. H. Eq. Inc.	45.3	48.5	-0.3	7.55
Govt. Secs.	25.4	26.1		11.92
International Funds				
International	59.6	63.8	+0.2	1.91
Pacific Fund	59.4	63.6		1.92
Secs. Of America	64.7	69.2	+0.4	2.31

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	35.7	39.0	-0.3	11.57
North American	56.4	59.9	+0.3	2.86
Canadian Exempt*	60.0	63.6	-1.7	3.70
Canadian Trust	61.1	66.0	+0.4	2.71
Mid Mount High Inc.*	49.1	51.9	-0.5	9.29
Recovery	55.6	60.8	-1.0	7.08
Gilt Trust	43.6	45.7	-1.1	12.68

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	35.7	38.5	+0.1	0.96
Cres. Internat'l.	68.8	75.3	+0.4	2.34
Cres. High. Dist.	40.4	43.6	-0.2	11.16
Cres. Reserves	51.4	55.5	-0.4	5.40
Cres. Tokyo	25.0	27.0	+0.3	0.70

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.9	25.2	25.3	+0.1

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Oct. 24	228.4	243.6	.....	5.60

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.4	19.3	.....	8.70
Gt. Winchester O'seas	24.8	27.6	.....	4.05

Emson & Dudley Tst. Mngmnt. Ltd.
20b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	91.7	98.8	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	87.1	91.6	-0.1	4.80

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American	30.3	32.8	+0.4	0.90
Gilt + Fixed Int.	25.3	26.7	.....	12.22
Growth + Income	31.1	33.5	-0.2	7.24

M & G Group

INSURANCE PROPERTY BONDS

Providence Capitol Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Sel. Mkt. Fd. Sd.	143.9	151.8	.....	—
Pension Equity	178.1	183.4	.....	—
Pension Fxd. Int.	150.1	154.7	.....	—
Deposit Fd. Acc.	57.5	60.6	.....	—
Ind.Pens.Dep.Fd.Acc.	47.6	50.2	.....	—
Equity Fd. Acc.	63.3	67.7	.....	—
Ind.Pens.Eq.Fd.Acc.	51.1	53.9	.....	—
Fxd. Int. Acc.	56.9	60.0	.....	—
Ind.Pens.Fxd.Int.Acc.	47.8	50.4	.....	—
Intnl. Acc.	46.7	49.2	.....	—
Ind.Pens. Intnl.Acc.	48.4	51.0	.....	—
Managed Fd. Acc.	59.3	62.5	.....	—
Ind.Pens.Man.Fd.Acc.	49.1	51.8	.....	—
Property Fd. Acc.	76.8	81.0	.....	—
Ind.Pens.Prop Fd.Acc.	48.1	50.7	.....	—

Provincial Life Assurance Co. Ltd.
222 Bishopsgate, EC2. 01-247 6533

Prov. Managed Fd.	151.3	159.3	-0.2	—
Prov. Cash Fd.	127.0	133.6	.....	—
Gilt Fund	138.0	145.3	-0.3	—
Property Fund	135.1	142.1	.....	—
Equity Fund	139.0	146.4	-0.4	—
Fxd. Int. Fund	115.5	121.6	.....	—

Prudential Pensions Limited◊
Holborn Bars, EC1N 2NH. 01-405 9222

Equity Fd. Oct. 15	36.32	37.44	.....	—
Fixed Int. Oct. 15	24.50	24.82	.....	—
Prop. Fd. Oct. 15	41.16	42.43	.....	—

Reliance Mutual
Tunbridge Wells, Kent. 0892 22271

Rel. Prop. Bds.		299.3	.....	—

Rothschild Asset Management
St. Swithins Lane, London EC4. 01-626 4356

N.C. Prop.	159.0	169.3	.....	—

Next sub. period Dec. 31/Jan. 15.

Royal Insurance Group
New Hall Place, Liverpool. 051-227 4422

Royal Shield Fd.	197.6	209.0	-0.6	—

Save & Prosper Group
4, Gt. St.Helen's, Lndn., EC3P 3EP. 01-554 8899

Bal. Inv. Fd.	164.9	174.5	-0.5	—

Welfare Insurance Co. Ltd.♥
Winslade Park, Exeter. 0392-52155

Moneymaker Fd.		222.7	.....	—

For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144

Investor Units	97.8	102.8	.....	—
Accum. Pen. Units	146.8	154.4	.....	—
Flex. Inv. Growth	125.9	132.5	.....	—
Future Ass'd Growth	30.0(a)	60.0(b)	.....	—
Ret. Ass'd Pen.		£32.53	.....	—

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (CI)	US$16.12	167.70	.....	1.29

Next dealing November 28.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund		US$14.12	.....	—

Net asset value Oct. 20.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Dollar Inc. Fd.	US$10.11	10.12	.....	13.60
AHR Gilt Edg.Fd.	£12.23	12.29	-0.02	13.02

Alliance International Dollar Reserves
c/o Bank of Bermuda Hamilton, Bermuda.
Agt.: ACMI, 319 High Holborn WC1. 404 0377
Daily Dist.: Oct. 30. 0.000323 (12.5% p.a.)

Arbuthnot Securities (C.I.) Limited

Continued on previous page

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BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price £	+ or –	Int.	Red. Yield
91	82¼	Aust. 5½pc '81-82	90	–¼	6.14	13.99
85¼	72½	Do. 6pc 1981-83	82¼xd	......	7.25	13.02
67¾	58	N.Z. 7¼pc 1988-92	67	+¼	11.15	13.32
82¾	72	Do. 7½pc '83-86	81¼	+¼	9.51	12.90
96¾	88	Sth. Africa 9½pc '79-81	94¾xd	+¼	10.09	16.05
160	95	S. Rhod. 2½pc Non-Ass.	102	......	—	28.00
169	133	Do. 6pc '78-81 N.-As.	151	......	—	24.18

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

High	Low	Stock	Price	+ or –	Div. Gross	Cvr	Yld Gr's
[illegible]							
22¼	12¼	Hollinger $5	19¼	–¼	$2.20	—	4.2
11⅜	830p	Hudson's Bay ‖	830pxd	......	$1.20	—	5.4
14¼	925p	Hud.B.Oil G. $2½	960p	......	57.5c	—	2.2
21⅞	12⅞	Imperial Oil‖	12⅞	......	$1.40	—	4.1
14	850p	Inco‖	885p	+18	SUS72c	—	3.7
565p	425p	Ind. Nat. Gas $1	485p	–15	$1.00	—	7.8
495p	218p	Massey Ferg.‖	225p	+5	—	—	—
200p	97p	Place Gas $1	110p	+3	—	—	—
14¼	10½	Rio Algom	13⅛	+⅛	$1.50	—	4.3
19¾	14¼	Royal Bk.Can. $2	16⅞xr	–¼	$2.72	—	5.5
25⅞	15¾	Seagram Co. C$1	22⅛xd	......	SUS1.10	—	2.2
12	890p	Tor. Dom. Bk. $1	11⅛	–⅛	$1.44	—	4.9
10½	750p	Trans Can. Pipe	810p	+10	$1.16	—	5.4

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

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ELECTRICALS—Continued

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ENGINEERING MACHINE TOOLS

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FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

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HOTELS AND CATERERS

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INDUSTRIALS (Miscel.)

[illegible]

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Central African

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
30	21	Acmex 50c	30	......	—	—	—
28	12	ACM 20c	26	+2	—	—	—
170	52½	Bond Corp.	170	......	Q7½c	ϕ	2.3
156	88	Bougainville Kina	106	−2	[illegible]	1.0	12.6
•350	221	CRA 50c	318	−8	tQ15c	2.1	8.3
25	11½	Canada Northwest	22	......	—	—	—
43	8	Carr Boyd 20c	37	......	—	—	—
535	152½	Central Pacific	525	+20	—	—	—
41	17	Coltus Pacific N.L.	39	+2	—	—	—
52	20	Eagle Corp. 10c	40	−4	—	—	—
37	15¾	Endeavour 20c	35	......	—	—	—
600	175	G. M. Kalgoorlie 25c	560	+5	Q13c	ϕ	1.2
46	15	Great Eastern	24	......	—	—	—
265	130	Hampton Areas 10p	255	......	h2.25	2.4	1.3
204	30	Haoma Gold N.L.	196	+6	—	—	—
62	15	Intl. Mining	53	−2	—	—	—
390	11	Kitchener NL 25c	330	−8	—	—	—
720	80	Leichardt Expln.	140	......	—	—	—

Tins

Copper

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- • "Tap Stock.
- ▾ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ☆ Not comparable.
- ♠ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ψ Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

				IRISH	
Albany Inv. 20p	38	......	Conv. 9% '80/82	£94	......
Bertam	14	......	Nat. 9¾% 84/89	£82⅝	−¼
Bdgwtr. Est. 50p	480	......	Fin. 13% 97/02	£87⅞	......
Craig & Rose £1	511	......	Alliance Gas	54	......
Fife Forge	42	......	Arnott	202	......
Finlay Pkg. 5p	25	−2	Carroll (P.J.)	80	......
Graig Ship. £1	622	−3	Clondalkin	97	−8
Higsons Brew.	65	−2	Concrete Prods.	85	......
Holt (Jos.) 25p	293	+13	Heiton (Hldgs.)	34	......
I.O.M. Stm. £1	160	......	Ins. Corp.	310	......
Pearce (C. H.)	590	......	Irish Ropes	37	......
Peel Mills	52	......	Jacob	33xd	+1¼
Sheff. Refrshmt.	95	......	T.M.G.	53	......
Sindall (Wm.)	141	......	Unidare	80	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	25	Utd. Drapery	6½
B.O.C. Intl.	8	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	16	Woolworths	5½
Babcock	8	Invereshk	3	**Property**	
Barclays Bank	40	Ladbroke	24	Brit. Land	8
Beecham	22	Legal & Gen.	20	Cap. Counties	11
Blue Circle	36	Lex Service	10	Land Secs.	35
Boots	20	Lloyds Bank	28	MEPC	20
Bowaters	17	"Lots"	4	Peachey	17
B.A.T.	25	London Brick	6	Samuel Props.	15
Brown (J.)	8	Lucas Inds.	17	Town & City	2¾
Burton 'A'	10	"Mams"	18	**Oils**	
Cadburys	6	Mrks. & Spncr.	9	Brit. Petroleum	50
Courtaulds	6	Midland Bank	32	Burmah Oil	20
Debenhams	8	N.E.I.	7	Charterhall	13
Distillers	17	Nat. West. Bank	32	KCA	25
Dunlop	9	P & O Dfd.	12	Premier	13
Eagle Star	24	Plessey	22	Shell	40
F.N.F.C.	5	Racal Elect.	30	Tricentrol	40
Gen. Accident	32	R.H.M.	4	Ultramar	50
Gen. Electric	50	Rank Org.	16	**Mines**	
Glaxo	22	Reed Intnl.	10	Charter Cons.	38
Grand Met.	14	Sears	5	Cons. Gold	65
G.U.S. 'A'	42	Tesco	6	Lonrho	11
Guardian	32	Thorn	28	Rio T. Zinc	45
G.K.N.	18	Trust Houses	18		
Hawker Sidd.	20	Tube Invest.	21		
House of Fraser	15	Unilever	42		
		U.D.T.	5		

A selection of Options traded is given on the London Stock Exchange Report page

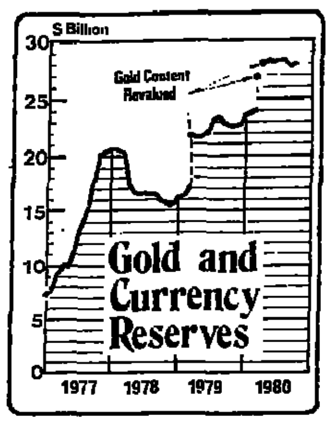
"Recent Issues" and "Rights" Page 38

FINANCIAL TIMES

Wednesday November 5 1980

Swiss and Germans push pound up again

By Peter Riddell, Economics Correspondent



STERLING ROSE to further heights yesterday in foreign exchange markets as fresh demand was reported from Switzerland and West Germany.

The pound's trade-weighted index, measuring its average value against other currencies, touched 80.1 at one stage before closing 0.2 points up at 79.9, its highest level since January 1974.

This represents an appreciation of 5½ per cent in the past month. While this rise is leading to growing official concern about the impact on industry, *there are so far no signs of a change in policy.*

Very weak

Sterling has been particularly strong against the main Continental currencies, touching DM 4.72 yesterday, before closing at DM 4.70½ compared with DM 4.68½ previously. This is a gain of nearly 8½ per cent since the beginning of October.

The D-mark was also very weak yesterday against other European currencies. The Bundesbank and other central banks are believed to have intervened *to keep the D-mark within the bands of the European Monetary System*, especially against the French franc and the Dutch guilder.

Sterling showed gains yesterday *against a fairly firm dollar*, finishing 1.05 cents up at $2.4540.

The strong demand for sterling in the last month has reflected a combination of *continued high UK interest rates*, petrocurrency influences and problems of other currencies. The demand was reflected in the official reserves figures published yesterday.

After adjusting for repayment of overseas debt and new borrowing, the underlying inflow was $291m last month, the biggest rise since May.

Oil facility

The authorities are still allowing a fairly free float and are not trying to defend a particular level for the pound.

But *the scale of the underlying inflows* suggests that demand was sufficient on some days to require fairly sizeable smoothing intervention.

The reserves total rose by $389m to $28.03bn. *New borrowing* by the public sector was $152m, mainly a National Coal Board loan from the EEC, while debt repayments totalled $56m.

The UK repaid $80m to the International *Monetary Fund* under the oil facility.

The quarterly revaluation of the UK's holdings of European Currency Units added $82m to the reserves total.

Money markets, Page 31
Feature, Page 22

Iran presses U.S. to give answer on hostage terms

BY OUR FOREIGN STAFF

IRAN YESTERDAY asked the U.S. to make an immediate response to its terms for the release of the 52 American diplomatic hostages. In Washington it was expected that protracted negotiations would take place with the Tehran Government, now that the U.S. election is over.

It is still not clear whether the terms agreed by the Iranian parliament for the hostages' release are negotiable. Despite the apparent desire of the Government in Tehran to move quickly on the hostage issue, political leaders there may still not appreciate how difficult it will be for Washington to fulfill all the conditions demanded.

As the U.S. went to the polls yesterday Tehran celebrated the first anniversary of the American embassy takeover in a carnival atmosphere. Some 20,000 people milled through the grounds of the embassy, whose walls have been repainted by the Islamic students who have held the hostages. Demonstrators carried placards denouncing America.

Speaking to the crowds Mr. Mohammed Ali Rajai, the Prime Minister, said the Government would "take the hostages from the brothers and sisters resident in the nest of spies (embassy)." He later said in a radio interview that, if the U.S. wanted to resolve the hostage question, it must give a positive reply to the Iranian demands. "Otherwise nothing will change," he said.

Nevertheless, the general view in Tehran appears to be that the year long hostage crisis is over.

On the battlefront, the Iraqis claimed yesterday to have wiped out an entire Iranian brigade trying to break out of the besieged city of Abadan. The Iraqi Defence Minister, General *Adnan Khairallah Tulfah, said* "it was a foolish attempt to break the siege. They got themselves massacred."

Iran has warned that more than 300 Iraqi corpses in the vacinity of the South-Western city of Dezful are causing a health hazard. Iran says they were killed during an attempt to take the city and that Iraqi artillery barrages have prevented removal of the dead. Fighting was also reported on the Qasr-e-Shirin Front to the north.

Iran has approached the International Red Cross to "take appropriate steps" in the case of its Oil Minister, Mr. Mohammad Javad Tondguyan, captured by Iraq last week. The request, by Iran's Red Crescent Organisation, has been passed on to the Red Cross headquarters in Geneva.

Mullahs Tired of Hostages, Page 4

Cabinet to reconvene as public spending issues stay unresolved

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

Trevor Humphries

Mr. Francis Pym leaving No. 10 after yesterday's meeting

SPENDING MINISTERS face another painful Cabinet meeting tomorrow after a three-hour meeting yesterday which left most of the most politically-sensitive issues affecting public spending unresolved.

Decisions on the levels of defence and education spending were left for further Cabinet discussion after a meeting at which Ministers were again reminded of the bleak options facing the Government as it fights to get public spending back on target for next year.

Afterwards some Ministers felt that tax increases now seemed almost inevitable in addition to spending cuts.

The process of setting departmental spending limits for next year could well continue into next week. Ministers still seemed to be at the stage of making suggestions and having them rejected by the Treasury. Bilateral meetings between the spending departments and the Treasury will continue over the next few days.

Afterwards, at Question Time in the Commons, the Prime Minister made clear that as far as she was concerned little was sacrosanct in the Government's drive to get public spending under control.

Under questioning, she left open the possibility of a windfall tax on bank profits which the Treasury had seemed to have dismissed already as a non-starter. She said the Chancellor would consider all methods of lowering the public sector borrowing requirement.

Equally, she refused to give anything but the most modest commitment on defence spending next year. She promised that expenditure on defence would increase but was careful not to specify whether the Government still intended aiming for NATO's 3 per cent increase.

Conservative MPs, already uneasy about reports of the way the Government's strategy has been blown off course by the demands of the nationalised industries, saw the Prime Minister's deliberately open-ended commitments as a further indication of just how serious the situation was.

New association call for Lloyd's

BY JOHN MOORE

MORE THAN 15,000 members of Lloyd's of London who do not work in the insurance market may form their own association.

The move follows yesterday's meeting at the Royal Albert Hall of nearly 4,000 of the private members who support Lloyd's operations.

They were meeting to authorise Lloyd's ruling committee to promote a new Act of Parliament to reform the market's methods of self-regulation. Those in favour, voting in favour in person or by proxy for the new legislation were 13,449 with 59 against.

There were a significant number of abstentions out of the total membership of 18,552.

The call for an association to represent the interests of the new members came during the two-hour private meeting of the membership.

The plan for the new association is that it should furnish the large "sleeping" membership of Lloyd's with more information than it receives from the underwriting agents who look after their affairs in Lloyd's.

Mr. Peter Green, Lloyd's chairman, gave his approval for the suggestion but said it would be up to those who do not work in Lloyd's to organise such an association.

The Lloyd's Bill will now be able to be presented to Parliament by November 27, its Parliamentary deadline.

At a meeting of the Conservative backbench Industry Committee later, Tory MPs urged the Government to take tougher action to control spending in the public sector.

Lloyd's meeting, Page 8

MPs attack Prior's 'undesirable' codes

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT yesterday moved to defuse criticism by *MPs of both major parties that* its industrial relations codes of practice were "constitutionally undesirable."

The accusation came from a cross-party majority of the Commons Select Committee on Employment, which has had a running feud with Mr. James Prior, Employment Secretary, over the codes. It was later pursued at Question Time in the *House*.

Pressure from an unusual alliance of Labour and Right-wing Conservative MPs on the nine-man committee forced the Employment Department yesterday to redraft sections of the codes. They deal with picketing and the closed shop, and can be used as guidance in criminal and civil proceedings.

The final drafts were being sent to the printers last night, and may be published today. The Government may also accede to the committee's demand for a day's debate in the next fort*night*.

Some Right-wing Conservative MPs, including Mr. John Gorst of Hendon North, may vote against the codes on the grounds that their provisions should have been statutorily enacted as part of the Employment Act. But they will probably get Parliamentary approval in time for the bulk of the winter wage round.

On most points in the committee's report, Mr. Prior appears to have been supported by only one or two Tories.

The majority was itself divided on the grounds for criticism of the substance of *the codes. Mr. Prior has al*ready undertaken to deal with one point by making it clear that the suggested maximum of six pickets for each factory entrance is only a rough guide for the police, who will retain discretion.

He may also make some concession on the committee's major proposal on the closed shop code, by modifying the conditions *in which periodic* review of existing closed shop agreements is recommended. Most of the committee said this should be dropped from the code because of serious criticism *from* unions and employers alike.

Mr. Patrick Mayhew, Employment Under-Secretary, told the Commons the distinction between statements of law and legal interpretation would be made clear. But Mr. John Golding, Labour chairman of the committee, said the draft codes were "a jumble of law, recom*mendation and advice" which in* some points went even further than the Act.

Taking Mr. Prior severely to task for trying to rush consultation through in the Parliamentary recess, the committee's report says:

"Throughout our examination of these codes our attention was drawn to the fact that many people, both inside and outside Parliament, consider the use of controversial codes of this kind as constitutionally undesirable. This view is shared by a majority of this committee."

Continued from Page 1

Bundesbank eases curbs on capital imports

the Deutsche Mark has come under renewed pressure on foreign exchange markets.

In the third week of October net official reserves of gold and foreign exchange fell a further DM 1.6bn to DM 73.9bn (£15.3bn), an overall drop of around DM 19bn, or 20 per cent since the start of the year.

Herr Karl Otto Poehl, president of the Bundesbank, *attacked the Federal Govern*ment as well as German industry and the trades unions yesterday, for failing to understand quickly enough the consequences of the Federal Republic's massive current account deficit this year.

Speaking in Munich, he said that as a result, "wages this year have risen by more than 8 per cent and the Federal Parliament has agreed a tax reduction package from January 1 which will tend not only to enlarge the federal budget deficit but also increase the current account deficit.

"Real wages in West Germany have risen by 1.5 per cent this year. We have acted as if we did not have a current account deficit."

Herr Poehl said that the classical tools of demand management could not be used in the current situation. The significance of the deficit had for a long time not been sufficiently *understood, and now there was* "extraordinarily little room" for expansion of either private or public consumption.

He made it clear that he did *not go along with the leading* German economic institutes, which called last week for a cut in the Central Bank's key interest rates as a way of stimulating the domestic economy.

Any further devaluation of the D-Mark, which could result from such action, would inevitably push up the country's import bill, causing a vicious circle in which domestic costs and prices would be pushed up. That could lead to a further devaluation.

Herr Poehl said the Bundesbank would not move from its tight monetary policy, which had scored succeses in holding down inflation, the prerequisite for maintaining long-term confidence in the D-Mark.

Industry Bill to extend BL borrowing

By John Elliott and Elinor Goodman

THE GOVERNMENT has been forced by the financial problems of BL and Rolls-Royce to *introduce a new Industry Bill* only a few months after its Industry Act has become law.

The Queen's Speech later this month will include advance notice of the Bill, which is then likely to be introduced to the Commons before Christmas.

Its purpose will be to raise—by perhaps as much as £1bn—the borrowing limits for the two State-owned companies. Their limits were cut under the recent Industry Act's measures covering the National Enterprise Board.

It is also expected that the Bill will lay down new ground rules and criteria for such companies to be allowed to increase their borrowings from the private sector without this becoming entangled in debates about the level of public spending. This would enable Ministers to encourage such companies to turn to City institutions for help.

The Bill is expected to go ahead whether or not BL receives approval for all the extra £1bn it is requesting. But the urgency of the legislation may depend on whether Sir Keith Joseph, the Industry Secretary, decides after nearly a year's delay to transfer responsibility for BL from the NEB to his own Department.

The problem has arisen because the Government cut the borrowing limit for the NEB from £4.5bn to £3bn in its Industry Act, thus honouring partially its election commitment to trim the board's activities.

Of this total, £750m has been allocated to the NEB for its general activities and will last for some years. Rolls-Royce has another £750m which has now been transferred to Sir Keith because he has taken over responsibility for the company.

BL has the remaining £1.5bn. This limit in particular is in risk of being breached, although the Rolls-Royce figure also needs raising soon.

So long as BL remains within the NEB, however, it is thought that its needs could spill over into the board's £750m. But Sir Arthur Knight, *the chairman of the NEB*, wants Sir Keith to take over the motor company and may be loth to see any spillover.

When Sir Keith introduced his last Industry Bill a year ago, *he had not envisaged* that BL in particular would need so much extra money, nor that there would be such pressure from the Treasury for extra cuts in public spending. This is why *the Bill is expected to cover* both a higher borrowing limit and new rules for private sector borrowing.

Mrs. Margaret Thatcher, the Prime Minister, yesterday spelt *out the short-term cash problem* facing BL. She said the company had drawn £275m of the £300m given to it for this financial year.

Weather

UK TODAY

VERY COLD in most parts, with cloud and scattered wintry showers in East and Southern districts.

London, most of England, Channel
Max. 4-5C. (39-41F.).

W. Midlands, S.W., S. Wales, Borders, Scotland.
Max. 5C (41F.).

N. Wales, Lakes, I.o.M., N. Ireland, S.W., N.E., Orkney, Shetland
Max. 6-7C. (43-45F.).

Outlook: Little change for Thursday and Friday.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	R	16	61	Jo'burg	F	24	75
Algiers	C	21	70	L. Plms.	C	21	70
Amsdm	Sn	2	36	Lisbon	S	14	57
Athens	S	23	73	Locarno	C	5	41
Bahrain	S	28	82	London	Sl	4	39
Barclna.	C	11	52	Luxmbg.	C	—3	27
Beirut	S	26	79	Luxor	S	31	88
Belfast	C	7	45	Madrid	C	9	48
Belgrd.	C	4	39	Majorca	R	16	61
Berlin	C	—2	28	Malaga	C	17	63
Biarritz	C	2	36	Malta	R	21	70
Bmghm.	C	4	39	M'chstr	C	7	45
Blackpl.	C	7	45	Melbne.	C	19	66
Bordx.	S	2	36	Milan	C	3	37
Boulgn.	S	1	34	Mntreal.	C	7	45
Bristol	C	5	41	Moscow	S	3	37
Brussels	S	0	32	*Munich*	C	—3	37
Budpst.	Sn	1	34	Nairobi	R	22	72
Cairo	S	28	82	Naples	C	21	70
Cardiff	F	4	39	Nwcstl.	R	7	45
Cas'b'ca	R	17	63	N. York	C	11	52
Cape T.	F	22	72	Nice	R	9	48
Cologne	S	0	32	Nicosia	S	26	79
Cpnhgn.	S	3	37	Oporto	F	14	57
Corfu	F	23	73	Oslo	S	5	41
Dublin	C	7	45	Paris	F	1	34
Dbrvnk.	C	20	68	Perth	C	18	64
Ednbgh.	C	5	41	Prague	C	—3	27
Faro	F	18	64	Reykjvk.	C	8	46
Florence	R	7	45	Rome	R	19	66
Frankft.	F	—1	30	Salzbrg.	C	—1	30
Funchal	F	20	68	Strasbg.	C	0	32
Geneva	C	1	34	Sydney	F	18	64
Gibrltr	R	19	66	Tangier	C	17	63
Glasgow	C	4	39	Tel Aviv	S	29	84
G'rnsey	C	3	37	Tenerife	F	14	57
Helsinki	C	0	32	Tokyo	F	15	59
H. Kong	S	25	77	Tunis	S	26	79
Innsbrk	C	1	34	*Valencia*	R	13	55
Invrnss.	C	1	34	Venice	Sl	2	36
I.o.Man	C	8	46	Vienna	Sn	—1	30
Istanbul	S	18	64	Warsaw	C	—4	25
Jersey	Sn	0	32	Zurich	C	—1	30

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

The money figures lose their hold

It is only a year since the monthly banking statistics were regarded with undiluted awe. When figures were published suggesting that in October, 1979, sterling M3 has risen by a little over 2 per cent the gilt-edged market went into a tailspin and a couple of weeks later Minimum Lending Rate was raised by three points.

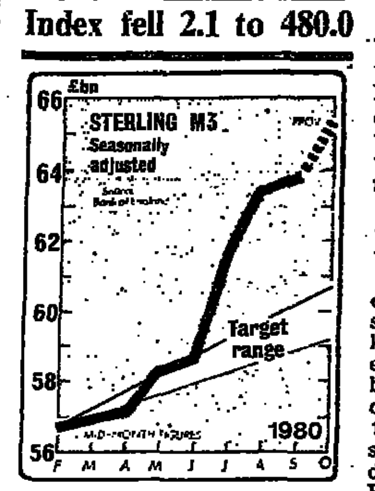
Since then the money supply targets have drifted out of sight into some monetary Bermuda *triangle; so much so that the* general feeling about the figures for the month to mid-October, 1980, which imply a 2 per cent rise in sterling M3, was that they might easily have been worse, *what with round-tripping and* all. It only needed someone to suggest that the underlying trend in private sector credit demand might be moderating to put gilt-edged prices slightly higher *for a while.*

It is at least possible to argue that bank lending is rising more slowly than at the beginning of the year. And part of the trouble last October was that the additional tax payments caused by the increase in the VAT rate played havoc with the Bank of England's seasonal adjustments. Now it is generally accepted that these adjustments are inadequate in the heavy VAT months, of which October is one. The other factor significantly inflating the sterling M3 figure is the external and foreign currency item; with the UK's return to current account surplus, the growth of this measure of the money stock now exceeds domestic credit expansion.

Even if round tripping was not particularly large, there was certainly a substantial shift in the pattern of borrowings from the money markets to the clearing banks. This apparently took the clearers by surprise—their overall reserve asset ratio fell from 13.1 per cent to 12.6 per cent between the September and October make-up days, and National Westminster failed to make up to the mandatory 12½ per cent level. This gives additional point to the Bank of England's general warning to the banks about reserve asset cover.

In any case, the October figures, like their predecessors, fail to give the authorities the long-awaited pretext for lowering interest rates. Pressure for a cut is still being transmitted through the *foreign* exchange markets; despite the firmness of dollar rates, sterling went above 80 on its trade-weighted index at one point yesterday. Meanwhile, with the Deutsche Mark at the bottom of the European Monetary System which *overall is very weak against* sterling and the dollar, the Bundesbank was further dismantling its inward exchange controls to tempt some of the hot money back from London to Frankfurt.

Index fell 2.1 to 480.0



House of Fraser

With its poor return on capital, the House of Fraser could not justify a rights issue. But with profits well down this year and a rapid cash outflow in spite of tight controls on costs and working capital, interest charges are beginning to rise uncomfortably. So yesterday the group followed Debenhams trail on sale and leasebacks (one that is finding popularity this year with companies as diverse as Tesco, Fidelity Radio and Coats Patons) and announced a £40m deal involving Rackhams in Birmingham and D. H. Evans in Oxford Street.

Some £12m of the cash raised is earmarked for a computerisation programme, while the rest will be devoted to building two new stores and expanding and refurbishing others. Fraser has not got a balance sheet problem, and its capital gearing after a forthcoming revaluation will be really quite modest. But the low return on that capital makes income gearing a far greater disincentive to running up debt.

Fraser can only manage to make about £1m a year out of D. H. Evans before the £1.9m rental. But from the group's point of view £40m has been obtained at an average rate of 6¾ per cent—at least until the *rent review in five years'* time. However, the quality of earnings is reduced and to the extent that the cash is being used to maintain its existing stores, House of Fraser is simply shrinking in real terms.

Meanwhile, Lonrho may not be too pleased at this demonstration of the value placed on House of Fraser's assets by the outside world — nearly four times book worth — at least while its shareholding is restricted *to under 30 per cent.*

Money brokers

R. P. Martin, the foreign exchange and currency broker, seems to have found a white knight in Bierbaum, a well established German money broker which yesterday disclosed a 29.9 per cent stake in the London business. Martin says it has been unable to discover who lies behind the Panamanian company which acquired a fifth of its shares this summer, but it knows Bierbaum well, having had a correspondent relationship in *Frankfurt since July.*

The two sides will now start talking about a possible bid. Bierbaum paid a touch over 100p per share for its holding, and there would be a kind of symmetry about an offer at this price, which is what the public paid for Martin when it came to the market seven years ago. Since then it has had a hard struggle to establish an international network, and its shares were down to 30p earlier this year.

Although its profits have picked up lately, Martin still has some expensive jobs to tackle, such as a head office move in the next couple of years and the potential development of the financial futures market. In a business where international contacts and management flair count for a lot, a link with Bierbaum — which has an office in New York, but does not overlap with the rest of Martin's network — could be a satisfactory end to a not particularly dazzling stock exchange career.

Unlisted

The prospects for the Stock Exchange's new unlisted securities market, which starts business on Monday, look rather promising. The preliminary list of companies which want their shares traded under the new arrangement was published yesterday, and as well as the predictable "hot" stocks—like fringe oils and computer services—it includes a few established businesses. Ten applicants have been named so far and the Exchange apparently thinks that 40 companies could be involved by Christmas.

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